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LATIN AMERICA REPORT

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C.A. REGIONAL BODIES ANALYZE ECONOMIC CRISIS

Guatemala City PRENSA LIBRE in Spanish 4 Sep 83 p 8

[Article by German Duarte Castaneda]

[Text] The fourth meeting of Latin American agencies for economic integration and cooperation concluded recently in Antigua Guatemala. Like its predecessors, that meeting enabled delegates to study papers on various subjects, all within the general sphere of economics.

The agenda actually covered issues related to external factors, internal factors, response to the crisis on the national and regional levels, short- and medium-term economic prospects, and external cooperation.

Specifically, the meeting dealt with documents related to the economic problems of the Central American region during the 1979-82 period. The documents were drawn up by the regional group of coordinators for external financial cooperation.

The Executive Secretariat of the Central American Monetary Council, the Central American Bank for Economic Integration, the Economic Commission for Latin America (ECLA), the Inter-American Development Bank, and the Secretariat of Central American Economic Integration (SIECA) all cooperated in the drafting of the documents.

Working Document

Now, as for the subject matter, we find that the meeting confirmed that Central America is undergoing the most profound economic and social crisis of its history, in a trend dating back to 1979. The crisis was caused by the interaction and persistence of concomitant inflationary and recessionary pressures, both external and internal, and by non-economic factors and increasing monetary and financial difficulties.

In the past 4 years, according to the document, the region's economy has seen the aggravation of the crisis in the external sector because of the shrinkage of internal supply and the contraction of demand in industrialized countries, in addition to increasing commercial protectionism.

The meeting found as well that another factor influencing economic problems was the deterioration of the terms of trade and the sudden surge in interest rates. In addition to encouraging capital to flee the area, the latter factor also raised the amount required to service the foreign debt. This, it was argued, has led to a serious shortage of international currency reserves, which in turn has significantly weakened each country's ability to import goods and services from this area and from the rest of the world. The result is a deceleration of economic activity in the area.

Domestic Factors

In this regard, the delegates found that regional economic trends were affected by socio-economic instability and, in some countries, by the breakdown of social cooperation and by national policies aimed at controlling external imbalance. The fall in fiscal revenues and the decline in the rates of gross capital formation for 3 straight years, especially in terms of private investment, have also had an influence, and the upshot has been an aggravation of the unemployment and underemployment problem in the region.

Response to the Crisis

In response to this gloomy picture, it was revealed at the meeting, tremendous efforts are being made in Central America to reactivate the deteriorated national economies. Nonetheless, it was asserted, one element which has hindered these efforts is the nature of the crisis (coexistence and interaction of inflationary and recessionary pressures at the same time), to the extent that the adoption of economic policies specifically aimed at each of these factors could worsen the adverse effects of the opposite phenomenon.

Indifference

Among the formal events associated with the meeting were two speeches, one by SIECA Secretary General Raul Sierra Franco, and another by Carlos Alzamora Traverso, permanent secretary of the Latin American Economic System (SELA). The former, citing statements about Central America and the Caribbean made in the document "Bases for a Response by Latin America to the International Economic Crisis," written by SELA and ECLA, said:

"It does not seem possible to achieve the dual ideal of accelerated and relatively autonomous growth, and greater regional equity, without giving special priority to the countries of Central America and the Caribbean. Central America has been hit particularly hard by the international economic crisis and by serious political tensions that threaten peace in this region.

"We feel that the rest of Latin America cannot remain indifferent to this situation. For this reason, we propose that an emergency program be adopted by Latin America to lend support to Central America, so that the countries of that subregion may temper the effects of the crisis and revitalize the process of economic and social development."

Authoritarian and Conservative Politics

"It also seems appropriate at this time," he went on, "to recall that in the historical development of Central American society there is one constant: the model of externally-focused growth and development, with characteristics that explain not only the difficulty or impossibility of having a thriving domestic manufacturing sector, but also the rigid and unequal social structure, which in turn led to forms of authoritarian, feudal and conservative political domination.

"Because of the former or the latter factor, we have been forced to accept ties to the international economy that are disadvantageous to our societies, and inequitable from the point of view of the equality or similarity of benefits that should accrue to all countries in economic relations."

Later on, Sierra Franco stated that the social and political dimensions of the integration and cooperation projects should be given the political importance that is their due, along with the strictly economic dimension.

He also said that the matter of reciprocal benefits demands a constant study and search for adequate mechanisms to guarantee such benefits; there should be an analysis of the limitations that have prevented the dissemination of information about the projects to make them understandable to more people, and thus garner more enthusiastic support for them.

"The socio-political context in which we have had to work," he continued, "has hardly ever been optimal. I think that none of our projects has managed to attract the participation of the majority of our national societies in studying, discussing and solving the problems posed by them, and the accentuation of socio-political conflicts on the provincial, national or regional levels erodes public interest in these projects which are so vital to the present and future of our societies."

Sierra Franco also mentioned the influence of powerful extra-regional elements on Latin America. In view of such influence, he added, "we have no alternative other than mutual cooperation and the coordination of our actions, overcoming through sheer necessity our possible differences."

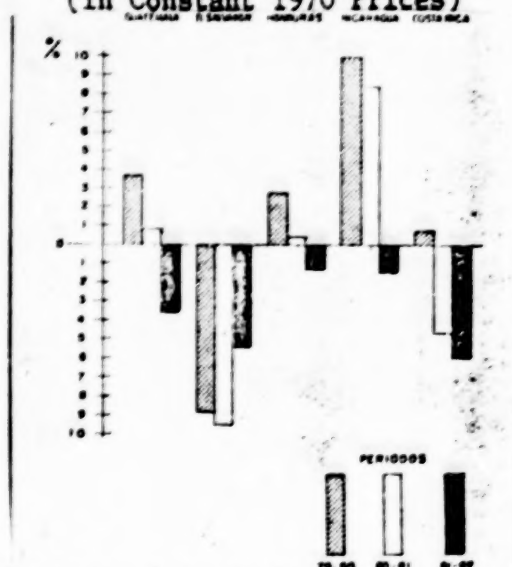
Alzamora Traverso, for his part, said the following, among other things:

"Our presence in Central America attests to the region's solidarity in the face of the pressing problems it must deal with, and at the same time it augurs the increasing participation of Latin America in efforts to provide support and cooperation for the common goal of promoting development, reactivating integration and revitalizing the necessary economic interconnection among all the subregions of Latin America in order to consolidate our unity.

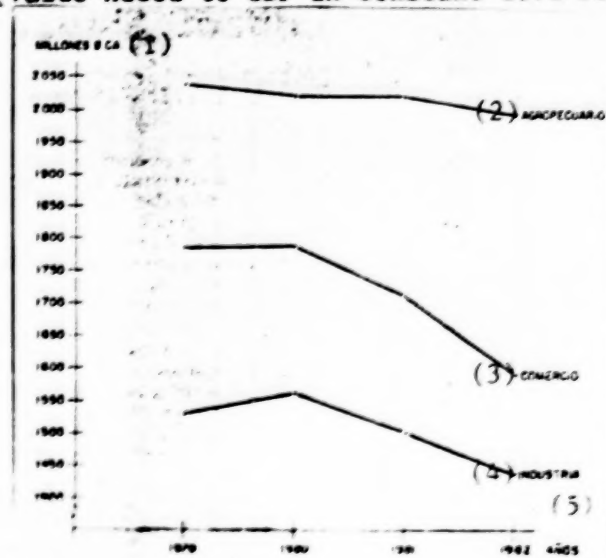
"The peoples and governments of Latin America are beginning to perceive how serious and how damaging it would be to ignore or underestimate the calls for action and alarms being sounded by their regional economic organizations, while the economic organizations that bring together and coordinate our counterparts in this crisis which affects us all—but whose cost is borne by

us so inequitably—orient and coordinate the joint efforts of the countries that are imposing such harsh commercial and financial conditions on us, and organize a common front that pits their interests against ours, which are still pursuing an illusory and suicidal individualism."

Central America: Percentage Variations of Gross Domestic Product
(In Constant 1970 Prices)



Central America: Development of Agriculture, Commerce and Industry 1979-82
(Value Added to GDP in Constant 1970 Prices)



Key:

1. Millions \$ CA
2. Agriculture
3. Commerce
4. Industry
5. Years

8926

CSO: 3248/1275

BRIEFS

MBA PROGRAM FOR C.A. STUDENTS—Numerous Guatemalan students will be able to participate in the various academic courses that are being offered at the Central American Institute of Business Administration (INCAE), which were begun recently in La Garita, Alaguela, Costa Rica. INCAE Admissions Director Benito Cobb reported that at least 20 places will be set aside for each Central American nation. It is hoped that by 3 January of next year more than 110 students from Guatemala, Honduras, El Salvador, Nicaragua, Panama, Ecuador, Spain, the United States and Costa Rica will begin their studies at INCAE. Cobb indicated that right now the finishing touches are being put on the academic facilities, particularly classrooms, libraries and professors' offices. "Although the buildings are not entirely finished," he said, "a seminar was given recently on top-level business management, and the first program for the Master of Business Administration degree is being organized. As for course content, Cobb stated that five new programs are now being devised at INCAE as the institution's response to the regional crisis, including: export policy, export management, small and medium industry, administration of energy, and aid to the private sector. [Text] [Guatemala City PRENSA LIBRE in Spanish 12 Sep 83 p 8] 8926

MEXICAN-GUATEMALAN TOURISM AGREEMENTS QUESTIONED—Various hoteliers and merchants of Peten are worried about recent reports by Foreign Minister Fernando Andrade that the chief of state, Gen Mejia Victores, has agreed to sign pacts with Mexico to implement the Maya route, which would be damaging to this country. The unhappy hotel owners stated that a few years ago there was an attempt to implement this tourism program, but it was rejected by various sectors of the country in view of the fact that it would benefit only the Mexicans. "If the Santa Elena Airport is internationalized," they say, "the Mexicans would bring their tourists to Tikal in the morning and would return them to their country in the afternoon, leaving only the garbage from their lunch in our national park." "For this reason," it was stressed, "we ask the chief of government to prevent the Foreign Ministry from signing agreements regarding the Mayan route with the Mexicans, until he has heard the opinions of experts on tourism promotion in Guatemala." [Text] [Guatemala City PRENSA LIBRE in Spanish 10 Sep 83 p 4] 8926

CSO: 3248/1275

GUERREIRO VISIT TO IRAQ DESIGNED TO ENSURE OIL SUPPLIES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 83 p 7

[Text] The visit Minister Saraiva Guerreiro will make to Iraq in mid September is aimed at assuring the supply of oil to Brazil under favorable conditions so that it can face the greater and greater difficulties resulting from the foreign debt payments. At the same time, Brazil wants to show Iraq that its recent investment in Iran is not being made to harm Baghdad. Iraq is the second Arab world country Guerreiro visits. Last year he went to Saudi Arabia to ask for a billion dollar loan. The Saudis ended up loaning \$300 million. The loan request was made one month before President Ronald Reagan came to Brasilia to loan us a little more than one billion dollars.

During the entire Iraq-Iran war the Figueiredo government said it maintained an attitude of neutrality. However, it left the impression it was trying to favor Iraq. The Itamaraty spokesman, Minister Bernardo Pericas, denied this is true as he spoke about the sale of arms. "Minister Guerreiro has said that we never sell arms in such a way that would destabilize a region's strategic equilibrium. The products we manufacture are relatively unsophisticated when compared with the arms produced by the great industrial powers. We also never get to selling significant quantities."

The spokesman denies that the recent Iranian mission which visited Brazil indicated a shift in favor of Iran. "This is not the first Iranian mission to visit Brazil. It seems to me that approximately three missions have come to Brazil during the last 12 months. One of these missions came with the explicit aim of explaining the political changes that have taken place in Iran and the other two already came to specifically discuss trade matters. This shows Iran's interest in developing trade with Brazil."

Bernardo Pericas says that the rapprochement between Brazil and Iran is natural and in no way does it aim at hurting Iraq. "What in fact happened in Iran, as everyone knows, was that during a certain period after the fall of the Shah, the government of Iran made a decision that to a large extent closed that country off to the outside world. This Iranian policy was progressively changed and Iran began to actively seek out partners, including trading partners. Consequently, what is happening is the result of the development of a process closely related with Iran's own domestic situation. Iran had many trade and financial problems resulting from having its assets frozen by western banks, especially the United States. From a foreign trade point of view, this means that the situation Iran went through for a certain time was not normal."

INCREASING CRITICISM OF GUERREIRO'S FOREIGN POLICY DISCUSSED

Sao Paulo) ESTADO DE SAO PAULO in Portuguese 4 Sep 83 p 5

[Text] President Joao Figueiredo's foreign policy, as described by Foreign Minister Saraiva Guerreiro, is facing its worst moment. It is getting increasingly heavy criticism from various segments of Brazilian society. In the press, among the opposition parties, and in influential business circles, it is causing serious displeasure. And the episode of the "polonetas" (uncollectible Polish promissory notes)--with all of its political and financial consequences--will only worsen this situation of discouragement with current diplomacy. For the second time in a short interval, people are asking for the head of Minister Saraiva Guerreiro and there are even those who have asked that he be replaced with someone from outside Itamaraty.

There is increasing pressure from important segments of Brazilian society to get the Figueiredo administration to change its diplomatic line. Two basic criticisms are being directed at Guerreiro's foreign policy: (1) It gives preference to relations with the so-called Third World, without the necessary financial return; (2) it does this because it follows a certain ideological inspiration.

The critics are asking, in turn, for a more intensive dialogue with the industrialized countries, as happened at other times, especially during the period of 1964-1974. They discount the statistics being given by Minister Saraiva Guerreiro, to wit: A 46-percent increase in exports to the so-called Third World between 1979 and 1982 and only 27 percent [increase] to the developed countries. The critics feel that these statistics are fallacious to the extent that the developing nations are not paying their debts. And Brazil reportedly needs more and more financial support from the rich nations, headed by the United States.

Itamaraty tries to defend itself by saying that its policy is not geared toward the Third World and is not being pursued to the detriment of relations with the industrialized countries. But the critics counterattack. One of their leaders, Senator Roberto Campos, in some general remarks on the trade policy pursued by Itamaraty, said that there are two features: "First of all, there are unbalanced attitudes; second, there is a lack of realism in the evaluation of the situation and this, in turn, leads to two consequences--one of them having to do with the evaluation of the possibilities of exports to the

Second and Third Worlds; the other one has awakened the spirit of the 'Young Guard' at Itamaraty where the signals of physical puberty are more real and visible than the signals of mental puberty."

Diversified

The critics seek the most diversified examples to censure the diplomacy of "ecumenical pragmatism" which Minister Saraiva Guerreiro (although without quotation marks) is pursuing, backed by Figueiredo.

Africa is one of the constant targets of criticism: "Why should we obsessively think of the 'dark continent' and give it a widely disproportionate position on our diplomatic horizon? Do the 'dialectic' attractions of such a policy make up for the failure in the 'pragmatic' area? In our official statements, the issue of Namibia takes up space that is way out of proportion to its importance."

The Middle East is another area under suspicion: "Here again a political decision was made but it was disguised as a pragmatic decision. Just as South Africa was frozen out before, Brazil has been putting its relations with Israel on the back-burner to please the Arabs. Israel is a sophisticated country and could offer Brazil technology and know-how in critical areas, such as the problem of the drought, just to mention one problem. This was done, as we were told, to guarantee petroleum supplies. But not even that argument holds water."

And Eastern Europe and its "polonetas," which are scandalizing public opinion, likewise were not beyond the range of these attacks: "The Third World seduction (by extension) led us into 'openings' to Eastern Europe, guided by a political approach to these things, recently, officially presented as some kind of justification for the deals with Poland that soured. Itamaraty did not pay any attention to the warnings from our ambassador in Warsaw."

"The Bearded Bunch"

Guerreiro's diplomacy is also being described as "ideological" and is accused of following the intellectual inspiration of the so-called "bearded bunch." The term appeared for the first time in the press and was attributed to former United States ambassador to Brasilia, Anthony Motley, currently in Washington as undersecretary for Latin America in the State Department.

Coined by Motley, the term has now become very popular. The group of the "bearded bunch" is made up of four diplomats: Ambassador Orlando Carbonar, head of Guerreiro's office; Ambassador Ronaldo Sardenberg, head of the office of the political planning advisor and direct aide to the foreign minister for bilateral topics; Minister Roberto Abde Nur, a specialist in energy and advisor for economic affairs; and the spokesman, Minister Bernardo Pericas. The spokesman was not listed among the "bearded bunch" by Motley and this triggered some jesting among his colleagues. He supposedly is being spared because of his links with the ambassador of the United States.

As the name suggests, the four diplomats are sporting beards and the reference has already produced at least one practical effect. When the term coined by Motley appeared in the press for the first time, one of the "bearded bunch" got ready to shave his beard off but refrained from doing so. He admitted: "If I were to shave my beard off now, they would say that I was retreating and that I was simply trying to escape having that nickname pinned on me."

Minister Saraiva Guerreiro did not like hearing the idea to the effect that he is only some kind of puppet of the "bearded bunch," a prisoner of their ideas. He told friends that foreign policy is his responsibility, with the backing of President Joao Figueiredo. The "bearded bunch" supposedly faithfully carry out his orders and express his concepts in a material fashion.

Among the "bearded bunch," three had worked with Guerreiro in the office of the secretary-general during the Geisel administration and when Azeredo da Silveira became boss of Itamaraty: Carbonar, Sardenberg, and Abdenur. Pericás was assigned to the African Department where he used the teachings of the architect of Brazil's new African policy, the current ambassador to Peking, Italo Zappa.

In addition to the influence of the "bearded bunch," Guerreiro is very sensitive to the advice of one of his best friends, Ambassador Sergio Thompson Flores. That diplomat, who does not like beards, has diverse affinities with the foreign minister. Among them there is his love for the law of the sea and golf. Both are usual partners in that sport. Whenever he can, Guerreiro keeps Flores close to him. In the embassy in Paris, he was his minister-counsellor and he is now his special advisor for multilateral topics.

Businessmen

Various important businessmen do not agree with Brazil's current foreign policy, believing that "its approach is very wasteful and repetitive. One of them is none other than the president of the Federation of Industries in the State of Sao Paulo, Luis Eulalio Bueno Vidigal. He thinks that, during difficult times, it was proved "that Brazil can only count on countries such as the United States."

But persistent criticism has sprung from the opposition parties for different reasons. Itamaraty was very proud of being a kind of island of tranquility in the stormy seas of the administration. It believed that support for foreign policy came from many parties: It began in the PDS [Social Democratic Party] and it spread through the four opposition parties. If it was true, that tendency is now changing. In less than 10 days, the leader of the biggest opposition party (the PMDB [Brazilian Democratic Movement Party]) in the Chamber of Deputies, Freitas Nobre, went to the speaker's stand twice to take exception to some of the moves of Brazilian diplomacy.

He raised serious doubts as to the necessity and timeliness of the creation of the so-called "first-class consulates," whose practical objective is to

guarantee the assignment of ambassadors or second-class ministers who, without this step, would have to take lower-level jobs. Freitas thinks that the ideas will only add to Itamaraty's expenditures at a moment when the country is facing a serious economic and financial crisis. The opposition leader hopes that Guerreiro will offer very detailed clarification.

5058

CSO: 3342/182

FINANCE MINISTRY FORMULATES PROGRAM TO FOSTER EXPORTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 83 p 48

/Article by Assis Moreira/

/Text/ The Finance Ministry is preparing a new export support program aimed at lessening the pressure developed nations put on the manufactured products Brazil exports. The program should add some billions of dollars to the trade balance in the coming years if it is fully implemented.

The program consists of lowering the cost of raw materials used by exporting manufacturers to the international price level. This will place these manufacturers on an equal footing with foreign competitors. At the technical level, it is being viewed as a first step toward changing the current types of subsidies to a policy of supporting exports within internationally accepted trade rules.

A work group coordinated by the chief of the Finance Ministry's International Advisory Office, Tarcisio Marciano da Rocha, is now perfecting the program. All that is needed at the technical level is to examine different operational points in order to implement it. In any event, Finance Ministry technocrats believe that, if implemented, the program will lead to a reduction in foreign currency expenditures and the level of employment will rise.

The Cause

The Finance Ministry began preparing the "Program for Equalizing Domestic Prices for the Foreign Market" because of the concern shown by the exporting sector over the rapid growth of protectionist barriers raised by developed countries to Brazilian exports. As the international financial crisis grew, Brazil began to confront new anti-subsidy and anti-dumping suits in Australia as well as in the United States and the European Economic Community (EEC) and, more recently, even in Argentina.

Brazilian authorities have normally proven the charges to be unfounded, that the level of subsidies is no higher than that allowed by GATT (General Agreement on Tariffs and Trade). However, Brazil suffers enormous losses when a suit of this kind is brought against it. It not only makes importers (who must pay import duties) nervous, but it also almost always leads the Brazilian exporter to lose significant shares of the market while the lawsuit is being resolved.

Brazil recently won a long anti-subsidy suit (started in 1977) against footwear exports to the United States. It so happens that now a good part of the market where Brazil sold its leather footwear has been taken over by Spanish and Italian exports. At a time when the balance in the balance of trade is the only way for Brazil to reduce its current account deficit and attempt to adjust its balance of payments, this is catastrophic.

Thus, the new export support program attempts to compensate Brazil's exporters for the price differential in raw materials. Then, as the exporter obtains cheaper materials, he will be in a position to face his international competitors and conquer new markets. As Tarcisio Marciano da Rocha points out, the important thing is to prepare the program from the basis that the very GATT protocol defining subsidies allows that a good supplied in the domestic market at an international price does not characterize an export subsidy.

Same Cost

The basic principle built into the Finance Ministry's study is that the producer does not gain any economic benefit from the program because the buyer could obtain the same raw materials at international prices. Thus, despite the fact that funds flow from the government to the exporter, the cost of the materials would be the same if the products were purchased overseas.

The United States Department of Commerce recently came out in favor of a similar program in an anti-subsidy suit brought against the price of steel exported by South Korea. Tarcisio Marciano da Rocha stresses that the Finance Ministry does not want to create a hidden subsidy program and, as it creates the price equalization scheme, it will be careful to compare domestic with foreign prices in order not to introduce subsidies.

It will, for this reason, take the CIF price as a comparison factor, that is, the price at which the merchandise would normally be available to industry at a Brazilian port if it had bought the raw materials abroad. The Finance Ministry will arrive at a price differential on the basis of the comparison of rules aimed at avoiding the inclusion of subsidies. In the event the differential goes against Brazilian industry--an international price lower than the domestic price--it will possibly be covered by a credit operation, which has not yet been defined, without subsidized interest rates.

If the price differential is mainly due to a high tax burden, the ministry will be able to eliminate it with the taxes falling on the raw materials. According to the chief of the Finance Ministry's International Advisory Office, that also does not characterize a subsidy because the GATT subsidy code includes the elimination of some taxes to make up prices. He says, "We will not be giving subsidies, we will be putting our merchandise at international price levels and we will be strengthening the Brazilian industry's competitiveness."

Benefits

In principle, Finance Ministry officials want to equalize the price of raw materials that weigh heavily in the production process. The equalization will include those products representing up to 80 percent of the total cost of the materials used. In order to compensate for the price differential, the following system may be used: a legal representative of the exporting sector involved (union, association, confederation, etc.) will form enterprise groups representing common products and list the raw materials subject to price equalization.

One important detail, the new program replaces the green-yellow Drawback through which the manufacturer acquires raw materials in the domestic market free of taxes. A Sao Paulo businessman, who has access to a copy of the new program, was heard by this journalist underscoring that the "green-yellow" program merely anticipates tax exemption while the equalization program eliminates the price difference without, however, providing an additional benefit.

A Finance Ministry source underscored, in turn, that the new program will even benefit government expenditures. It will not require direct outlays and, consequently, it will not put pressure on the monetary base which, in turn, will not stimulate the inflationary process. The program's funds are not directly filtered through to the exporter but (possibly) through a compensation system that eliminates the high tax burden.

No decision has yet been made on the implementation of the new program essentially because it is being perfected. However, several sectors already favor it. A businessman in the autoparts sector recalled that recently a company began to use a certain type of special Brazilian steel that cost more than similar imported steel from Scandinavia. However, it soon began to lose its market share. That is, because of a semimanufactured component (sometimes even a primary one), the nation ends up losing the market for a product involving much more workmanship. The autoparts industry went back to buying Scandinavian steel in order to compete under good conditions again.

Thus, by reducing domestic prices for raw materials to international levels, there is a decrease in imports and expenditures using reserves the country does not even have at the moment and a positive impact is made on the balance of payments. In addition, as the Finance Ministry source points out, the growth of industries directly or indirectly involved in the program will be more rapid because of the increase in domestic demand for raw materials and the employment level will also increase.

The Brazilian exporter will become more competitive in the international market once he is guaranteed that his raw materials will be acquired at prices no higher than those in the foreign market. Therefore, this will serve to increase exports and decrease expenditures using foreign reserves. Finally, the Finance Ministry source underscores that by increasing exports there will be an increase in the national product and, consequently, an increase in tax receipts which will partly pay for the funds needed to equalize prices.

TRADE BALANCE SHOWS \$4.3 BILLION SURPLUS THROUGH AUGUST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 83 p 33

[Text] Brazil managed to achieve a balance of trade result of \$681 million in August, raising its cumulative surplus to \$4.3 billion, it was announced yesterday by CACEX [Foreign Trade Department] Director Carlos Viacava, in the Finance Ministry. Viacava admitted that, during the next 2 months, the balance will drop a little bit due to petroleum purchases which are being made to restore the reserves; but he stressed that Brazil now needs only a result of \$500 million per month to attain the target of \$6.3 billion by the end of the year.

In announcing the August trade balance, the CACEX director stressed the fact that Brazil, during that month, achieved the third-highest export volume in the country's foreign trade history with an amount \$2.08 billion. The increase was \$206 million compared to July, in other words, it went up 10.96 percent.

Basic products exports went up 7.5 percent; semifinished products rose 13.09 percent; and finished products went up only 4.6 percent. Based on that, the CACEX director emphasized that success in the balance of trade next year will depend basically on the agricultural harvest; he revealed that the products of this sector are today sold much more easily and that these products are being purchased by those who really have international solvency.

Brazilian imports in August came to \$1.4 billion, of which \$745 million were spent on petroleum purchases. In July, Brazil purchased around \$600 million worth of petroleum and, in thus holding imports down, it recorded a surplus of \$707 million, after having achieved a figure of \$829 million in June, likewise by means of the same mechanism. Now Viacava admits that Brazil will have a smaller balance precisely because it must buy more petroleum. Brazil is purchasing petroleum with payment terms running up to 150 days, Viacava revealed, but it is not managing to reduce its deficit with the countries of the Middle East. Exports went up only \$6 million to that part of the world until August, compared to the same period of time last year.

Viacava stressed the fact that Brazilian exports this year went up only to the United States, Japan, and Canada. Exports to Europe went down, following

the example of sales to Latin America. The fact is that countries that fail to comply with the terms of the contracts are not doing any purchasing; using their reserves, even, they prefer to go into reciprocal credit agreements through which they do not have to spend any dollars. Viacava disclosed that, against exports worth \$5.5 billion 1981 going to Latin America, the figure this year will not exceed \$2 billion. "We are losing \$3.5 billion only in Latin America," he emphasized.

Brazilian Trade Balance, in Millions of U.S. Dollars FOB

Item	August		January--August	
	1983	1982	1983	1982
Exports	2,085	1,823	14,365	13,405
Imports	1,404	1,725	10,052	13,098
Absolute balance	681	98	4,313	307
Relative balance	48.50	5.68	42.91	2.34

Source: Exports--CACEX; Imports--CIEF [expansion unknown], Ministry of Finance.

5058

CSO: 3342/182

GALVEAS EXPLAINS HIGHER THAN EXPECTED AUGUST INFLATION RATE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Sep 83 p 44

[Text] Finance Minister Ernane Galveas announced yesterday in Rio during an exclusive interview given to ESTADO DE SAO PAULO that the August inflation rate should be around 9.5 percent--a result which can be disclosed tomorrow by the Getulio Vargas Foundation. He added that this rate exceeded the initial estimate of 8.5 percent and constitutes the main reason for delaying the final count on the statistics that will make up the third letter of intent which the Brazilian administration will sign with the IMF.

According to Galveas, the rainfall in the country's south contributed to the failure of the August inflation rate estimate; in addition to causing considerable losses in production, this rainfall made it impossible to ship the products to the sales centers. He explained that the interruption in traffic on the southern railroad trunk line and along BR-101 [superhighway] prevented Brazil from exporting \$160 million worth of primary products due to a lack of transportation facilities.

In the finance minister's opinion, food products carry great weight in the formation of the IGP (General Price Index) for August; as an example, he mentioned meat prices which went up 40 percent last month and beans which jumped 82 percent over the past 2 months. Julian Chacel, director of the Brazilian Economy Institute, Getulio Vargas Foundation, had anticipated the same sort of figures when he estimated that inflation in August--as measured by the IGP--would be between 8 and 10 percent and that it would be within a spread of 160-180 percent by the end of the year.

Galveas however was more optimistic than Chacel as far as the rate of inflation by the end of the year was concerned; he emphasized that "we are not worried too much about percentages; we are working hard, doing everything we can to make sure that the rate will remain at 160 percent or a little more."

As far as the finance minister is concerned, the August inflation rate of 9.5 percent will not cause any change in the administration's estimates to the effect that inflation in 1984 will be 55 percent, as stated in the letter of intent to be signed by with the IMF. He emphasized that, if the effects of the rainfall in the southern part of the country, do not last too long, then

inflation in August would be less than 9.5 percent and would thus be considerably less than the long-term record of 13.3 percent recorded in July.

During the next several months, there will be an improvement in the national economy's main indicators, Galveas estimated, adding that this "enables us to say that it is perfectly feasible to establish a target of 55 percent inflation in 1984."

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CSO: 3342/102

PASTORE DISCUSSES PLEDGE TO REDUCE 1984 INFLATION RATE TO 55 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Sep 83 p 23

[Text] The goal of wiping out the real public deficit next year, established in the coming agreement with the IMF, implies the pledge to reduce to 55 percent, by the end of next year, the rate of inflation projected for 12 months, on the basis of a monthly index of 2.5 percent in December--and not to close the year out with an actual, effective inflation rate of 55 percent. This explanation was given yesterday by Central Bank President Affonso Celso Pastore, according to whom Brazil will go into 1984 with an annual inflation rate of more than 150 percent, closing the year with a projected annualized rate of 55 percent, which would result in an average inflation rate of 90 percent.

After prolonged meetings with Planning Minister Delfim Netto and Finance Minister Ernane Galveas, Pastore emphasized, upon leaving Planalto Palace, that, since the 55 percent inflation would be a projected and not an actual rate, the inflation goal worked out with the IMF for 1984 will not signify the imposition of unbearable sacrifices upon Brazilian society.

"If the terms of the letter of intent to the IMF are in line with the objectives for the domestic adjustment of the Brazilian economy," the Central Bank president noted, "then there can be no doubt whatsoever when it comes to signing the documents, also because the domestic adjustment objective prevails in the accord."

In an interview of TV Globo, Pastore emphasized that "basically, the IMF arrived at the size of the Brazilian economy's domestic adjustment program" as a participant in the process of Brazil's debt renegotiation and as a supplier of a portion of Brazil's needs to take care of its foreign commitments.

Since the problems of inflation have spread to the country's balance of payments, the president of the Central Bank said that "there is a domestic and foreign motivation" for the Brazilian economy's adjustment and the most important factor here is "the level of adjustment." In this respect, he argued, "we are not asking anything exaggerated" and the agreement with the IMF is feasible.

Although he fundamentally believes that "inflation can be brought down to 55 percent at the end of 1984 and, thereafter, to 30 percent, 20 percent, and then zero," Pastore advised critics of the agreement with the IMF to "be very careful" in looking at the target: "We are not saying that, by the end of next year, inflation will be 55 percent. An inflation rate of 55 percent at the end of the year gives us a much higher average."

The Central Bank president also explained the terms of the IMF requirements in negotiations with the Brazilian government: "The IMF has some opinions as to how to handle this and the most important one of them is the public deficit. In the agreement there is implicit the projection of a rate of inflation of 55 percent in 1984 as a kind of foretaste of the intention of bringing the real public deficit down to nothing and that, I think, is a sound and positive measure. With an inflation rate at the end of 1984, the nominal public deficit will drop 7 percent during the year. If it stands at 48 percent and not at 55 percent, then the nominal increase in the deficit will be 6 percent and something. If inflation goes up to 58 percent, the deficit will be 7 percent and something."

In the TV Globo interview, Pastore repeated the pledge to reduce interest rates and to increase the loan supply for the private sector. "The proposition is simple: We must reduce government expenditures through a reorganization of public investments--with well-placed priority--and a reduction in subsidies so as to reduce the government deficit."

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CSO: 3342/182

NEGATIVE PERFORMANCE OF 1982-83 SAO PAULO CROPS VIEWED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Sep 83, p 34

[Excerpts] The performance of Sao Paulo agriculture was negative during the 1982-1983 farming season whose harvest has been practically completely gathered; the planted area was reduced by 3.2 percent compared to the preceding harvest, with a figure of 6,516,600 hectares; the main products in Sao Paulo earned 2.3 trillion cruzeiros for the farmers. Deducting inflation, this value represents a loss of 0.62 percent compared to the harvest. Acting Agriculture Secretary Luis Carlos Guedes Pinto confirmed yesterday, in supplying these statistics for the farm forecast, that farm growth was zero.

The gross output showed a decline of 0.6 percent; products that lost most in terms of area were peanuts, beans, climbing tomatoes, corn, soybeans, cassava, onions, and cotton. The area planted for food products declined by 8 percent.

The agricultural forecast, drafted by the Institute of Agricultural Economy, on the basis of an analysis of the state's most recent harvest, is a study of trends and prospects in Sao Paulo agriculture. The prospect for the next 1983-1984 harvest, taking all crops together, is that the same cultivated area, compared to the last harvest, will be maintained, with a possibility of recovery in some products.

According to IEA [Institute of Agricultural Economy] estimates, as announced by Guedes Pinto, the area planted to rice, corn, sugar cane, and soybeans is to be increased while peanuts, potatoes, and tomatoes will be reduced in terms of cultivation area. It is expected that the same area as during the preceding harvest will be maintained for cotton and beans.

Sao Paulo Harvest

Product	Quantity (1,000 t)		Price (CR\$ Unit)		Unit
	1981/82	1982/83	1981/82	1982/83	
Sugar cane	91,190.0	107,000.0	2,496.00	4,700.00	tons
Coffee	337.2	467.6	19,600.00	37,000.00	
Beef	463.6	424.0	3,241.00	7,500.00	
Oranges	7,523.9	7,384.8	400.00	850.00	
Milk	1,674.0	1,707.0	40.05	90.00	liters(m)
Corn	3,392.4	3,264.6	966.00	2,500.00	
Soybeans	1,126.0	995.4	1,980.00	5,100.00	
Rice	499.2	624.6	2,441.00	7,200.00	
Cotton	529.2	452.3	1,029.00	2,107.00	
Dryland beans	184.8	197.4	4,560.00	14,827.00	
Tomato	377.2	410.2	1,358.00	3,000.00	
Onions	251.4	259.0	82.00	150.00	kilograms
Wheat	157.3	208.0	3,260.00	9,347.00	
Winter potatoes	171.0	171.0	2,256.00	10,730.00	
Dry land potatoes	187.2	193.8	1,897.00	9,020.00	
Pork	60.8	60.0	3,038.00	6,500.00	
Winter beans	69.6	67.2	5,185.00	16,857.00	
Tangerines	721.3	761.0	467.00	970.00	
Wet land potatoes	208.8	187.8	1,392.00	5,500.00	
Wet land beans	238.5	151.8	4,733.00	6,710.00	
Bananas	694.8	758.4	17,932.00	22,000.00	tons
Climbing tomatoes	460.0	400.0	17.86	35.00	kilograms
Wetland peanuts	241.8	185.2	873.00	1,550.00	
Lemon	337.4	339.1	1,367.00	1,000.00	
Cassava	774.0	780.0	5,725.00	7,550.00	tons
Dryland peanuts	105.0	71.4	976.00	1,800.00	

Sao Paulo Harvest [continued]

Product	Area (1,000 ha)		Average yield (kg/ha)	
	1981/82	1982/83	1981/82	1982/83
Sugar cane	1,594.9	1,703.0	73,700	77,536
Coffee	905.6	870.3	413	589
Oranges	537.9	541.8	17,067	15,959
Corn	1,330.7	1,160.0	2,549	2,814
Soybeans	508.3	470.0	2,219	2,118
Rice	371.3	336.5	1,604	1,856
Cotton	311.1	308.9	1,701	1,464
Wattle tomatoes	7.5	7.9	50,288	51,924
Onions	17.3	16.9	14,532	15,325
Wheat	137.7	141.8	1,142	1,467
Winter potatoes	9.1	10.0	18,791	17,100
Dry land potatoes	10.0	10.5	18,720	18,457
Winter beans	65.2	63.0	1,067	1,087
Tangerines	33.3	33.5	21,674	22,743
Wet land potatoes	11.3	11.3	18,478	16,519
Wet land beans	306.4	265.0	779	595
Bananas	42.5	43.7	17,583	18,228
Climbing tomatoes	15.7	13.1	29,299	30,534
Wet land peanuts	135.3	123.0	1,787	1,507
Lemons	18.1	18.7	18,641	18,134
Cassava	35.2	51.0	20,911	21,667
Dry land peanuts	87.8	60.2	1,196	1,422
Dry land beans	244.2	241.0	751	819

Total output value	real increase	62 percent
Total value of output of vegetable origin	" "	50 percent
Total output of animal origin	" "	[illegible]

[rest of table illegible]

MILITARY DEVELOP EMERGENCY INDUSTRIAL MOBILIZATION STRATEGY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 83 p 7

/Text/ The industrial mobilization plan, a secret document defining Brazilian industrial mobilization in the event of a war economy situation, is in an advanced phase of study at the armed forces general staff /EMFA/.

The possibility that Brazil's exchange policy would worsen further intensified the effort to collect data and information on the status of about 2,000 private firms which, under emergency conditions, would be capable of producing thousands of items to supply the armed forces and provide them with substitute materials, to build up stocks and obtain strategic raw materials for domestic consumption and export.

These studies are in line with the "industrial policy of the third national development plan" and they involve military, political, economic and social aspects. The army, navy and air force as well as the National Industry Confederation are involved in these studies. The National Industry Confederation brings together the Industrial Mobilization Standing Groups (GPMI) of the allied federations, among which the Sao Paulo State Industry Federation has an important role.

Another reason for speeding up the studies is reportedly the implementation of the plan to increase the number of men now in the armed forces. Brazilian private industry will be charged with supplying the necessary materials. The idea of finding technological independence through the development of Brazilian research and production of materials for military use is also associated with reequipping the armed forces.

Mobilization

The industrial mobilization plan is aimed at integrating strategic manufacturing sectors in a planned manner should the foreign exchange asphyxiation reach unusual proportions. The preparation of these studies dates back several years to when the armed forces general staff law was redrafted in 1982. The redraft was aimed at adapting the general staff's organizational structure to a military war situation.

Two Brazilian historical experiences supported these studies: the problems the nation faced with its foreign trade during the second world war and the 1932 constitutionalist revolution in Sao Paulo. According to Sao Paulo historian Paulo Nogueira Filho's book, "The 1932 Civil War," "The thing that stands out in first place in the order of homefront services is the incredible improvisation in manufacturing munitions and arms" in what was an incomparable effort by the Polytechnical engineers.

Industrial mobilization would spread to other sectors in the event of war. Purely economic mobilization would be geared toward finding and getting sources of production in order to obtain items for manufacture.

Psychosocial mobilization activates public opinion and the local civilian authorities, and political mobilization includes measures at the domestic and international levels.

Given the diversity of the areas included in the industrial mobilization plan, military personnel have frequently been posted in industrial installations which, at times, deal exclusively with civilian product lines. In a war effort, these industries can make changes to their machinery that will allow items for military use to be manufactured.

Another mobilization option is to prepare certain industries to produce items that can be used by civilians as well as the military. The army ministry has conducted experiments in this area as part of its campaign to nationalize its field materiel. Portable hospitals, sneakers, socks, knapsacks, canteens and clothing made under a certain manufacturing standard can be used by either civilians or military personnel. The firms assume all research and development project costs. If the product is approved under rigorous military usage tests, it can receive the armed forces seal of approval--a guarantee for good exporting.

There are some extensive projects being paid for by private firms and supported by the military within this policy. These projects are in the development phase. For example, Avibras is developing an integrated antiaircraft defense system, DF Vasconcelos together with CTA is developing the "Piranha" guided missile and projects on the use of the laser and infrared beam. Engesa is working on the first domestic tank, Bernardini is working on upgrading the power of combat vehicles, CTA and Imbel are researching the production of solid fuels and Embraer is developing, with the Italian firms Aermacchi and Aeritalia, the AMX subsonic fighter. Nineteen eighty five projections for arms production place these products at the top of the export list. According to unofficial data, there are at least 350 firms producing arms, out of this total only 33 deal exclusively in this area. With more than 2,000 firms listed by the EMFA, one can deduce that Brazil has a mobilization potential to meet any emergency needs resulting from a cut-off.

One of Brazil's main trump cards is the fact that some industrial production lines can be altered. This even has curious implications at times. This was the case of Vigorelli. Threatened by bankruptcy when it was producing sewing

machines, Vigorelli was able to change its line of activity in 40 days to the production of 30-type machineguns that are now used by the military police units and have good export prospects. Singer produces needles but, by changing one part of its machinery, it is able to manufacture cartridges. General Electric Heavy Equipment makes locomotives and hydroelectric generators but it has already been mobilized on some occasions to produce military transport hulls and plates for armored vehicles. Electrometal produces fine steel plates and special metal alloys for missiles, airplanes, rockets and armored vehicles. Vulcabras and Glasplac manufacture socks and sneakers for civilians and the military and the Cotonificio /cotton mill/ Santo Amaro makes standard fabrics for civilian and military use.

It is estimated that 86 percent of the nation's private industry can be converted to manufacturing vital products in a military war situation. Industrial-military cooperation between Brazil and the United States is a topic of talks scheduled to be held in this capital beginning on September 29. These talks may include some points dealing with industrial mobilization. However, military authorities underscore that these are two different topics.

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CSO: 3342/179

MILITARY REACTION TO POSSIBLE FIGUEIREDO SUCCESSORS

Morais Rego: Military Express No Opinion

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 83 p 8

[Text] During a relaxed conversation yesterday in the waiting room at the office of Vice President Aureliano Chaves, General Moraes Rego, former special adviser to President Ernesto Geisel, predicted that the choice of President Figueiredo's successor would have to be between Minister of Interior Mario Andreazza, Deputy Paulo Maluf (PDS [Social Democratic Party], Sao Paulo), and Aureliano Chaves himself. And he ruled out the possible nomination of a fourth candidate or of a military man, emphasizing that the military leaders "have already demonstrated conclusively that they have no ambitions of that kind." And he added: "It is up to President Figueiredo. Did he ever think of having an ambitious general like Sylvio Frota up front?"--a reference to the minister of army in the Geisel administration.

Morais Rego was given an audience by Aureliano Chaves along with a group of businessmen. He says there is no veto of any candidate because a veto would only make sense if it were based on "real and public" facts. In his opinion, "what there may be are preferences for this or that candidate, but a preference for one does not necessarily mean a veto of another."

The general also observed that President Figueiredo has never stated a preference for or vetoed any of the candidates. And he declined to say who his personal preference was: "It serves no purpose to root for anyone. The law does not talk about a rooting section for choosing the president of the republic, but about an electoral college."

General Moraes Rego is the second person linked with former President Ernesto Geisel to have visited Vice President Aureliano Chaves this week. On Tuesday, Chaves received Dion Telles, chairman of SERPRO [Federal Service for Data Processing] and a personal friend of Geisel. The two men held a long conversation.

Support

During a visit to Paraiba yesterday, Minister Andreazza received confirmation of support from Governor Wilson Braga in his bid for president of the republic. During a speech at Redencao Palace after the signing of agreements, Braga called

Andreazza "our advocate" in the Federal Government, said that he provided objective solutions to the region's problems, and concluded by saying: "For our part, there is no restraint in supporting Minister Andreazza on the great journey, at President Figueiredo's side, toward the consolidation of democracy in this country."

On arriving in Joao Pessoa, and while still at the airport, Andreazza was approached by a 13-year-old boy named Sandro Ricardo Carvalho with a request for a job and a reason: "They told me you would be the next president of the republic." The minister merely laughed, assuring reporters that the process of succession is still a matter of coordination by President Figueiredo: "He is my boss, and I support completely whatever he decides."

Also yesterday in Recife, where he signed several agreements, Mario Andreazza denied the existence of a military veto of his candidacy: "That existed only in the press. The military ministers themselves have made public statements denying the existence of that veto."

He emphasized: "In any case, I am not concerned about that. I am being considered as presidential material, but I have not changed my conduct, which has been very modest and simple. The succession is not my problem. President Figueiredo is my boss, and he is the one who is going to decide. I will respect whatever he decides."

"Going To Struggle"

Deputy Roberto Cardona, leader of the PDS bloc in Rio Grande do Sul's Legislative Assembly, announced yesterday in Porto Alegre: "Maluf presented his ideas for becoming president of the republic and said he would struggle at the convention." The Sao Paulo deputy [Maluf] was in Porto Alegre to campaign and once again made his methods evident: he demanded that Educational TV change the format of a program on which he was being interviewed so as to include one of his avowed supporters, Deputy Emidio Perondi, among those interviewed, and he persistently pursued Governor Jair Soares (PDS)--reportedly a supporter of Andreazza--at the 46th Animal Exhibit in Estelao. Soares and the minister of agriculture, Mauro Stabile, managed to leave a stand discreetly and quickly when they saw Maluf approaching. As for Perondi, he accompanied Maluf to all of the latter's engagements, sporting on his lapel a badge on which the words "I" and "Maluf" were separated by a red heart.

Direct Elections

"Direct elections for president of the republic are the only solution for preventing social explosions." That was what Deputy Ulysses Guimaraes, national chairman of the PMDB [Brazilian Democratic Movement Party], said yesterday in Rio de Janeiro. He asserted that the party will not make any "deal" on that point. He said: "That party banner is not negotiable."

In his opinion, "society wants, by means of the direct vote for its rulers, to hierarchize its great demands."

Military Decline To Comment on Candidates

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Sep 83 p 6

[Text] Brasilia--Like all the generals attending yesterday's luncheon in honor of President Joao Figueiredo, Minister of Air Delio Jardim de Mattos declined to talk about politics, saying that at the moment, it is more appropriate to discuss those things with the politicians rather than with him.

Delio was the only military man present at the luncheon who appeared in a business suit. Besides him, the only other person not in uniform was the president of the republic. The minister arrived at the Army Club shortly before noon. Arriving at the same moment, but in separate cars, were all the air force four-star generals making up the Air Force High Command. They all entered the club at the same time, giving the appearance of a kind of attitude of support by the Air Force High Command for its minister. (The officers from the Army High Command and the navy arrived at the club separately.)

A few minutes later, Minister of Army Gen Walter Pires arrived and was greeted by General Delio with the word "Welcome!" With his usual good humor, the air force general talked with his army colleague and with the minister-chief of the EMFA [Armed Forces General Staff], Air Force Gen Waldir Vasconcellos. On arriving at the club, President Figueiredo greeted everyone with a handshake.

When Gen Walter Pires was delivering his speech, the minister of air listened to his words attentively while smoking a cigarette.

As soon as the president had left the Army Club, Minister Delio was surrounded by reporters. He tried to get into his car quickly, and he answered only a few questions while walking toward it. He said that the time had come for unity not only among the Armed Forces but also among all Brazilian people. He reiterated what he has said several times--that the Armed Forces should not veto any candidate: "That is clearly not the role of the Armed Forces. Their role is constitutional."

While he was getting into his car, a woman reporter asked him if he did not feel that the Armed Forces were being pushed aside in the presidential succession. The minister replied: "Are we not returning to democratic normality? So the time is more appropriate for talking to politicians, not to me."

Another officer who also did not want to talk about politics was the air force deputy chief of staff, Maj Gen Arisson de Carvalho. He pointed out: "Our political man is General Delio, and we are his advisers."

In General Arisson's opinion, the Armed Forces have been united since 1964. He observed that politics is a matter for the president of the republic, "and he does whatever he wants with it." He regarded both speeches as "very apt," noting that the minister of army and the president of the republic "could not say more than they did."

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CSO: 3342/180

TRINDADE AIR BASE FINANCING, FACILITIES, DEFENSE VIEWED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 83 p 13

[Article by Roberto Godoy]

[Text] The United States is prepared to offer the Brazilian Government financing for construction of the naval air base on Trindade Island, located 1,120 kilometers off the coast of Espirito Santo. The proposal has not yet been presented formally, but it involves funds on the order of \$300 million, which is the amount necessary for the first phase of the work. According to diplomatic sources, the matter has been discussed unofficially at meetings by the joint commission studying military cooperation between the two countries, and it will be on the reserved agenda for the upcoming rounds of talks. The U.S. intention is to bring about greater Brazilian participation in monitoring the South Atlantic through use of the forward base on Trindade Island to complete the line of surveillance in the area. At present, that surveillance is exercised primarily from Ascension Island, a British possession, to the north. The Falklands archipelago to the south will soon be converted into a British stronghold in the southern region as well.

"The network consisting of those points would make it possible to maintain reconnaissance of activities in that sector to an extent comparable only to that in the territory covered by NATO," according to one expert, who feels that "in the next century, there will be only two important military powers present below the Tropic of Cancer: the United States and Brazil." The same official emphasizes: "Washington's offer does not imply U.S. interference in Trindade's operational programs. Those will be the exclusive responsibility of the naval air wing concerned, as is usually true in these cases."

The navy and the FAB [Brazilian Air Force] are showing only moderate interest. One air force general ridiculed the idea, saying that the proposal was "on a par with the poppycock about the Brazilian astronaut." An admiral, while admitting that he had heard "something or other about the matter," felt that the report was "simply an exercise by foreign ministries in the permanent game of trial balloons." Adm Eddy Sampaio Espellet, formerly navy chief of staff and currently chairman of the Ocean Studies Foundation, considers it inadvisable "to accept a commitment to the project by the United States or any other country. We must carry it out solely with Brazilian participation. It is a workable idea--all we need to do is wait until the major economic difficulties are

overcome." Espellet emphasizes that "it is necessary to have funds not only for physically establishing the base but also for guaranteeing defense of the island. After all, Trindade as it is today, with no infrastructure of any kind and no inhabitants, is one thing. But it will be a very different thing when it takes on strategic importance with a runway for aircraft and a secure wharf for warships."

Island Stronghold

Trindade is a small island of volcanic origin. It has an area of only 8.2 square kilometers, a maximum length of 7,000 meters, and a width of 4,000 meters. Few maps show its correct location. Even the "Father Pauwells Geographic Atlas," used officially by the Ministry of Education until recently, does not mention the island, which is about 1,200 kilometers off the coast opposite Vitoria. Discovered by Portuguese navigators, it was occupied by British garrisons twice and used alternately as a shelter for Nazi submarines and Allied surface vessels during World War II. Uninhabited, mountainous, and surrounded by huge pointed rocks, it has only one beach (of white sand) under a 390-meter-high rock that is known as Sugarloaf and shaped like a pyramid. The only inhabitants are 35 navy men who look after the weather station established there several years ago. The crew is relieved every 4 months.

That setting, dominated by strong winds and a stormy sea, took on new importance last year, when the intelligence service detected Argentine preparations for the Falklands conflict. The fighting was intense in May and June, and that was the period in which engineers from a Brazilian construction firm landed on Trindade to prepare the plans for establishing a naval air base there.

The result is contained in three volumes outlining the phased installation of a powerful electronic surveillance and early warning center. The intention in the first phase is to build an anchorage suitable for ships with large displacement (an aircraft carrier, for example, or cargo ships), housing, warehouses, long-range air and sea detection facilities (covering an area of from 400 to 1,000 kilometers), and a 1,500-meter runway for aircraft landings and takeoffs. But when the third phase is completed, the runway will be at least 2,800 meters long. Initially, the airport is to be able to handle cargo planes of the Hercules C-130 type, but later it will be able to handle probably fighter planes and most certainly patrol aircraft.

How to defend that new base is a parallel problem associated with development programs for new weapons (guns and naval missiles) being designed at the Navy Technological Research Institute and similar agencies maintained by the army, one example being the Technology Center. The Ministry of Air would be responsible for "surveillance" and "interdiction" functions. According to members of the FAB's Fighter Plane Planning Committee, the latter mission may be assigned to the new AM-X fighter jet, which EMBRAER [Brazilian Aeronautics Company] and Aeritalia-Aermacchi, the Italian consortium, are building and which will be flying in 1984.

Brasilia "AWACS" Aircraft

The fact is that the AM-X was intended for that type of mission from the very start. The memo on "Operational Requirements" for the aircraft says that it must be "a tactical fighter specializing in precision aerial reconnaissance, armed support for ground forces, and naval interdiction of penetration, and, in very special circumstances, it must be capable of acting as an interceptor or light bomber."

Maritime surveillance will be provided by the special version of the EMB-120 Brasilia, EMBRAER's newest airplane, which is a 30-seat turboprop whose first prototype was presented in July. It will have two military configurations: one a maritime patrol aircraft and the other an early-warning mini-AWACS with extra fuel capacity allowing it to cover at least 3,000 kilometers without refueling. There is little detailed technical information available for either aircraft, but it is known that they will be exceptionally well equipped with computerized means of locating vessels, submarine movements, transmissions of electronic signals (such as the countermeasures transmitted from a ship or attack aircraft), radar, or heat sensing.

"That is not all. In addition to weapons and aircraft, we will also be able by the end of the decade to produce good radars. What is actually lacking at present is the money with which to start the base." That was how an adviser to Adm Maximiano da Fonseca, minister of navy, summed the matter up yesterday. He emphasized that "despite the economic crisis, the Armed Forces are committed to several domestic reequipment programs, examples being those for the corvettes, aircraft, missiles, rockets, tanks, and automatic systems--in short, a whole range of items which will soon arrive all together and which will unquestionably provide facilities for making the island an effective base."

Security Belt

The attention being paid to Trindade by the United States goes back a long way, and it increased considerably beginning in 1981. In March 1982, Minister Maximiano da Fonseca touched on the subject for the first time when he announced that the site had been visited by U.S. technicians, who regarded the Brazilian plan for military use of the island as "perfect." A classified survey carried out for the U.S. military by a service firm that conducts strategic and geopolitical studies advocates a more radical approach. Analysts say that Brazil should form a "security belt" in the Atlantic by "purchasing, negotiating for, or taking control of the islands of Saint Helena, Tristan da Cunha, and South Georgia." All are controlled by Great Britain. The idea does not seem to make the British particularly uncomfortable. According to the same diplomatic-military sources who informed O ESTADO DE SAO PAULO of the intention to offer financing to build the naval air base on Trindade Island, the London government "would also like to participate in this effort in some way, but it recognizes that there would be embarrassments in relations between Brazil and Argentina."

Not having to take considerations of that kind into account, the Americans are ready with a list of materiel they can provide under a leasing program to speed up the timetable for putting the island's facilities into operation: air and

naval defense radars, telecommunications centers, power generators, hydraulic towers for flight coordination, and air-conditioned armored cells. And it would all be packed in containers for quick transportation and immediate use--of the "open-it-up-and-plug-it-in" variety.

The idea is not very attractive to Brazilian authorities. "We are in no hurry; the undertaking is important, but it is not a priority. The best example of this is our decision to supply the area with secondary energy: we are going to use solar collectors and windmills. That is a sure and above all cheap method." That is how the adviser to Minister Maximiano concluded his remarks. But the idea is scarcely relevant--after all, 98 percent of the country's total exports pass through the South Atlantic. And the same route is open in the opposite direction for receiving 80 percent of our imported petroleum.

11798

CSO: 3342/180

BRIEFS

CZECH S&T COOPERATION--During the tenth meeting of the Mixed Brazil-Czechoslovakia Commission the representatives of that European country proposed a scientific and technological cooperation agreement whose feasibility the Brazilian government has just studied. The delegations of both countries also looked into the possibility of increasing bilateral trade and Czechoslovakia's participation in the construction of the Jorge Lacerda V Thermoelectric Power Plant in Santa Catarina. That plant is included in the Plan 200 of ELETROBRAS [Brazilian Electric Power Companies, Inc.]; a diplomat recalled that "in view of the current Brazilian economic situation and the resultant electric energy surplus in the country's south and southeast, the project implementation was postponed and the scheduled date of operations now is 1993 (not 1991)." At the same time, the Czech enterprise Intersigma wants to produce valves and large-capacity pumps for the Jaiba [illegible] project in Minas. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Sep 83 p 46] 5058

CSO: 3342/182

EXCHANGE TAX BLAMED FOR DECLINE IN MEAT EXPORTS

San Jose LA NACION in Spanish 26 Aug 83 p 8A

[Text] With the reopening of meat packing plants last 8 August, exports of that product have declined considerably according to the president of the Federation of Cattlemen's Associations in Costa Rica, engineer Alberto J. Amador.

The livestock industry would only confirm the fact that there has been a reduction in deliveries of raw materials. This is attributed to the tax laws affecting livestock production which have considerably curbed its growth.

Amador specified that the decline can be seen in export figures from 1981 to the present; he indicated that during the first 6 months of that year 74,238 head of cattle were exported, and during the same period the following year, the figure declined to 65,348, representing a decrease of 11.98 percent. During the first 6 months of 1983 when only 29,144 head of cattle were exported, the exports were reduced by another 44.5 percent. In terms of foreign exchange, the federation president added that of the \$73 million of income from meat exports received in 1981, this year barely \$33 million will be collected with the resulting detriment to the national economy.

"If we continue at this rate," warned Amador, "in 1985 there will be no meat exports."

The representative for the cattlemen stated that if the government wants foreign sales to continue during the last 4 months of this year and the first 2 months of next year, it should eliminate the tax on the exchange differential "because it is one of the most onerous", and he added that it represents 907 colons for each steer slaughtered for export.

Amador predicted that if the work rate of 30 percent continues in the packing plants, two of the four companies engaged in that type of business will be forced to close before the end of the year.

9787

CSO: 3248/1263

BRIEFS

NEW RURAL GUARD DIRECTOR--San Jose, 25 Aug--The minister of government and police, Dr Alfonso Carro, announced yesterday the appointment of Col Rigoberto Badilla Monge as the new director general of the Rural Assistance Guard. Badilla previously held the post of assistant director for that police organization. [Text] [San Jose LA REPUBLICA in Spanish 25 Aug 83 p 10] 9787

NEW COINS MINTED--San Jose, 26 Aug--The Central Bank of Costa Rica announced yesterday that it will mint new coins in demoninations of 5, 10, and 20 colons which will have the approximate sizes as the old .50, 1 and 2-colon coins respectively. The executive director of the institution, Dr Carlos Manuel Castillo, explained that in that way, "a family of coins" will be created, different from the traditional ones but always maintaining the goal of keeping the material from which the coins are minted from exceeding the value of the coins. The treasurer of the Central Bank, Miguel Angel Masis, explained that the coins will be made of stainless steel or other materials which have a silver or white appearance. Masis commented that the minting of 12,000 5-colon coins will cost approximately 60 million colons; an equal number of 10-colon coins will cost approximately 120 million, and 16,000 20-colon coins will cost 320 million colons. He said that next October a new .25-colon coin would be put into circulation which will be about the same size as the old .10-colon coin although it will be thicker. He also reported that there was a discussion at yesterday's session of the board of directors regarding the possibility of studying the legal obstacles the Central Bank faces in eliminating the .05 and .10-colon coins which have very high production costs. The official cited as an example the new .25-colon coins in which aluminum will be used, which have a production cost of between .30 and .35 colons per coin. In conclusion, Masis pointed out that the new 5-colon coin can be used for public telephones. [Text] [San Jose LA NACION in Spanish 26 Aug 83 p 4A] 9787

CSO: 3248/1263

ACTIVITIES ABOARD MISSILE BOAT DESCRIBED

Havana VERDE OLIVO in Spanish 11 Aug 83 pp 34-37

[Article by Mario Rodriguez]

[Text] The officers, petty officers, and sailors of the missile-launching and torpedo unit of the Guard still recall the formal ceremony, held early in the 1982-83 instructional year, at which they were declared to be initiators of socialist emulation in the FAR [Revolutionary Armed Forces].

Since then the unit, solidly involved in the major duties called for by the programs of combat and political preparation, has made a dogged effort to meet its proposed goals and objectives.

Periodically, at each emulation check, at each meeting of the party or the Union of Young Communists, the unit's members have appraised with true critical spirit their successes and deficiencies, which has enabled them to fulfill each of the pledges they made.

During that period the members of this vanguard unit have raised to new levels their combat readiness and standards of combat skills, have qualitatively raised their ideological efforts among the rank-and-file, and efficiency in the fulfillment of the programs of combat and political preparation. All of the above has been done without neglecting conservation of each of the resources available or constant endeavors to continue to raise the material living conditions and recreation of the personnel.

At the time of our visit the latter were getting read to complete one of the final duties programmed for their instructional year: The undertaking of maneuvers with combat target practice in honor of the 30th anniversary of the assault on Moncada barracks.

This was the day planned for the launching of missiles. At the appointed hour the modern missile launchers belonging to the Initiating Unit of Socialist Emulation in the FAR headed for the established combat zone.

While we sailed toward the open sea we tentatively observed the precise and synchronized work of each new member. The navigator made the pertinent computations so he could jot down his readings on the nautical chart. The

cre in charge of equipment checked the technical parameters now and then. The chief petty officer moved from section to section helping many of the operations. The commander, calm despite his youth, went through the necessary instructions and orders in detail.

We did not want to ask even one question or to carelessly stand anywhere that would hinder the crew's efficient efforts. Thus, we limited ourselves to observing the feverish activities of these men determined to fulfill their pledge.

We emerged on deck. There, the gunner, Sailor Leonardo Blanco Diaz, was giving the ordnance a final "once-over." Nothing should go wrong. The determined pledge given at the start of the instructional year was to be carried out to the last iota.

We noted that the launch operations were proceeding then at a faster tempo. The same went for the other units which followed the launch directives in perfect formation.

The deputy commander told us that we had to go below.

"The missile launch is scheduled to take place shortly," he noted, "so you shouldn't stay on deck."

We observed that the activity had quickened. The seaman closed the door leading to the deck and rapidly took up his position in front of the nautical chart.

After connecting the power line the radar unit began its sweep in search of the target.

The commander ordered the radar chief to note the target coordinates and said subsequently:

"Read exactly!"

The operator reported:

"Comrade commander: Two minutes for checking," and later added:

"Comrade commander: I seek permission to check the autonomous flight time."

Subsequently the commander selected the method of launch. A few seconds elapsed and the head of the radar section reported that the line of fire had been computed.

"Pursue the line of fire!"

After giving the order for opening the ports, the commander again looked at the radar screen and ordered:

"Fire!"

A rapid shudder shook the craft. A few seconds later everyone went up to the command post.

In the distance, something hitherto hidden emerged from the fog, and the missile was perceived heading toward its target. There followed a dense column of water and an explosion after impact.

The news did not take long to make the rounds: The missile had hit the prow of the target. The shot was effective.

Right away the tension that had built up among the crew members was transformed into uncontrollable rejoicing. The boys of the Initiating Unit of Socialist Emulation in the FAR had performed as usual.

Sailor Reynaldo Zubizarreta Figueredo is among those who had made it possible for the missile to hit its target.

From his combat post Reynaldo Zubizarreta fueled the missile, without which the launch would have been impossible.

That is the reason why each time there is target practice, whenever the target is hit by a missile, Sailor Zubizarreta feels enormous satisfaction that he has contributed to the operation's success.

"This is my second missile launch," he said, "and in both cases the results were good.

"Ever since I was designated to be an operator I knew that this required strict discipline. Imagine; any deficiency undetected on time or any unforeseen hitch can lead to total loss of combat readiness of the launch, given that the fundamental weaponry consists of missiles.

"That is why I check each piece of equipment over and over and I am constantly involved in their maintenance."

But Reynaldo Zubizarreta Figueredo is not only the missile launch operator. In addition to his combat task or mission, this activist of the Union of Young Communists who is only 20 years old is also an effective political agitator.

"The political agitator's mission," he explained, "is a priority task as far as I am concerned since it not only involves motivating the crew to perform its duties effectively but also that it should be prepared politically and ideologically to undertake them.

"The agitator must always indoctrinate by setting an example since otherwise his message would not be well understood by the rank and file. For that reason I always strive to fulfill my obligations well and in disciplined manner.

"For this training task which we have just completed, we focus attention on the execution of each procedure accurately and with extreme meticulousness.

Imagine if at the conclusion of the instructional year the Initiators of Socialist Emulation in the Revolutionary Armed Forces had received unsatisfactory training. This would have been unforgivable.

"This is why the personnel are aware that this missile launch had to be one of the best. And so it was."

Naturally, to achieve success, systematic work is required with the entire crew, especially when it has made a pledge as initiating unit in the emulation process in the entire Revolutionary Armed Forces.

"For this maneuver," Ensign Jose Cepero Perez noted, "the realization of an entire package of measures was anticipated tending to raise the personnel's efficiency and skill."

"The intensive program of preparation of the crew included the completion of earlier training, the testing of skills, the generalization of safety measures during launch, classes with personnel who operate and handle the missiles directly, and so on."

"As for the equipment, static and dynamic tests were made as well as methodological ones with the purpose of determining its condition and possibilities of damage."

"What other factors were involved in the successful launch?"

"Undoubtedly, a decisive factor was the organization of the socialist emulation program dedicated at this stage to the 30th anniversary of the Moncada attack."

"The items which are the object of daily checks include, among other things, the maintenance of the equipment, internal order, the observation of naval skills, and finally any aspect subject to improvement and which impacts directly or indirectly on the fulfillment of the mission."

"The personnel have constantly felt the motivation for emulation and all of them without exception have strived in any way possible to achieve outstanding results. When this happens one can say that emulation has caught up definitively."

"Anything else?"

"Yes. I feel very impressed by the results achieved in the launch that we have just completed and very satisfied with the work carried out by the crew. They have shown that nothing can obstruct their resolve to win."

We were nearly in port when the sun no longer shone with the intensity of high noon. On reaching the pier the other craft already tied up blew their whistles by way of greeting and gratitude to those who, by their example, have known how to be in the forefront of the emulative process.

The Initiating Unit of Socialist Emulation in the FAR has fulfilled its mission and this has further enhanced its combat readiness and capabilities. This is fundamental and for that reason everyone felt legitimately proud that afternoon.

LEFTIST GROUPS SCORE GOVERNMENT CRACK-DOWN

Criticize Government Leaders

Santo Domingo LISTIN DIARIO in Spanish 8 Aug 83 p 10

[Text] The Dominican Left has denounced the fact that seven members of its Nagua Struggle Committee were imprisoned yesterday. According to the reports, those arrested are Martin Martinez, Hugo Nicolas, Modesto Rosario, Gregorio Hilarlo, Jesus Hernandez, Marco Martinez, and Nicolas Clemente.

The block of parties making up the group of the Dominican Left felt that the statement by President Salvador Jorge Blanco, noting the existence, in the country, of destabilizing plans, "only serves to stimulate even more the political repression that has been undertaken against the parties of the Left."

In the judgment of these parties, this statement also is against "the low-income sectors who are exercising the right to protest, to strike, and to mobilize in support of deeply-felt and fair demands."

The Dominican Left yesterday issued a public document whose text reads as follows:

"Directly and without middlemen, the president of the republic assumed the grave responsibility of accepting the story as to the existence of a left-wing plan presumably aimed at 'destabilizing the government.'

"This statement, turned over to the mass media without offering a single piece of evidence, only serves to stimulate even more the political repression undertaken against those of our organizations that make up the Dominican Left and against the low-income sectors that are exercising the right to protest, to strike, and to mobilize in support of deeply-felt and fair demands.

"While Mr Hatuey Decamps is taken upon himself the role of instigator of a repression which has already caused many arrests, persecutions, and attacks, President Jorge Blanco, from his high office, not only backed the story which is being used to justify that repression but has also given official blessings

to a drive which is aimed at bringing about a large-scale decline in the freedoms which our people has gained and which he himself pledged to guarantee.

"In describing the simple exercise of the right to protest and to strike with the word 'destabilizing,' Dr Jorge Blanco demonstrated the fragility of his so highly proclaimed democratic convictions and the weakness and insecurity of his own political tenure in office. The developing social tensions, which the administration calls 'destabilization' are the exclusive responsibility of its agreement with the IMF and its acceptance of the basic outlines of the so-called Reagan Plan for the Caribbean.

"To the serious social tensions that were generated by an economic policy which serves the powerful and which places the full burden of the crisis on low-income and middle-income sectors, the president of the republic is now adding, within the Dominican situation, the explosive expedient of repression, political persecution, abuse of police personnel, and the approval of anti-left-wing warfare plans which the military top leadership and the security agencies with United States advice are seeking to put into practice.

"With this statement, President Jorge Blanco is giving the green light to the methods which the Reagan Administration and the local reactionary groups are using in various Central American countries and which they are now trying to spread throughout the entire Caribbean area.

"Since this is such a serious statement and because we are sure that the presumed subversive plan is nothing but a passel of inventions and distortions on the behavior of the Dominican Left, we feel that the president should immediately inform public opinion of the details of that presumed plan whose mere mention has already served to unleash repression.

"The Dominican Left urges President Jorge Blanco to offer those details while at the same time declaring that he will not abandon his firm decision of exercising his political freedom and defending the right to protest and to mobilize which our people has."

Letter to Pena Gomez

Santo Domingo LISTIN DIARIO in Spanish 8 Aug 83 p 8

[Text] The communist leaders Juan B. Mejia, Narcisco Isa Conde, and Rafael Taveras sent a public letter to Dr Jose Francisco Pena Gomez, secretary-general of the Dominican Revolutionary Party, in which they informed the political leader among other things that the PRD [Dominican Revolutionary Party] administrations "have governed for the social right." Below is the complete text of the letter.

Text of Letter

In your statements given today to the periodical LA NOTICIA, you assumed the grave responsibility of trying to confirm an accusation made by the regime's security agencies, based on false charges obviously intended to involve us in alleged guerrilla doings.

According to your own admission, you had access to documents supplied by the security agencies which are not public knowledge and you stated that you saw at least one of the mimeographed lessons on "guerrilla indoctrination" in order then immediately to present a presumed witness statement confirming the story that implicates the Dominican Left in the organization of a military training school which supposedly got support from "a high center of study" without the knowledge of the corresponding authorities.

Like President Jorge Blanco, who announced similar things to some of the media managers, you completely backed the stories put out by experts from the Dominican "Intelligence Service" which is being guided by the Central Intelligence Agency.

And you did this with an insistence that borders on the ridiculous. What conclusive and true evidence can you get out of a little mimeographed pamphlet to assume so serious a story and to justify a repression such as the one which is now being carried out against our organizations?

Could it be that the irrefutable struggle of a Left, which with a sense of responsibility undertook public action and pursued the exercise of legal status which had been gained, could it be that this struggle is worth no more than those sheets of paper which anybody can reproduce? Not to mention the fact that nobody has so far been able to provide any basis for a single charge of the kind that you are trying to make against us today?

Could it be that a leader such as you can be unaware of the fact that the professional anticommunists, who run the regime's intelligence agencies, are experts in making fantastic charges and distorting the role of the left-wing forces?

We believe that, in this case, you acted in full awareness of the fact that the leaders and followers of the Dominican Left, who were arrested, who are being persecuted, or who are being on the list of "instructors" of that presumed "guerrilla school" are not involved in plans of that type.

You know perfectly well that our united political commitment in support of the popular protests and the struggles for the demands of the people was assumed in a responsible manner without any concealments of any kind.

You know perfectly well that we do not participate in conspiracies, nor in extremist adventures.

You also know that we have sufficient courage and sense of responsibility in order publicly to accept the necessity for the armed struggle when we consider it appropriate.

You know all that but on this occasion you considered it convenient to overlook it in order to justify a repression which is aimed at isolating us from the popular protest movement and putting us on the defensive and you are doing this because our action is an accusation against your activities side by side with the right-wing forces and in support of popular demands aimed at the implementation of the offers which you yourself made in order to come to power.

Our action, our support and incentive for that struggle is an effective re-
crimination against the conduct of a PRD leadership which has governed for the rich, which has pursued an economic policy that only worsens the economic crisis and the people's poverty.

If you apply the terms "destabilization" or "subversion" to the social tensions that were generated by that policy, then it must be said that a large part of the responsibility for those events falls upon the leaders of the PRD who have made the people's living conditions worse and who have deceived their voters by bringing about two successive frustrations.

You claim to picture us as helpers in the plans of the right but it so happens that it was the PRD administrations that governed for the social right while at the same time with their inability they helped rehabilitate the Balaguerista right.

It is impossible to accept your warning regarding the dangers deriving from the right when the PRD administration appoints a pro-fascist general to the position of secretary of interior and police, replacing Ledesma Perez because of the mere fact that he involved the Reformist Plans in those presumed "destabilization" plans.

You are militarizing your administration in an extreme right-wing direction.

And you, personally, as we said several days ago, have placed yourself between the bosses who run an anti-left campaign that can turn into a tragedy.

You can be sure, Dr Pena Gomez, that General Schwiezer, who today issued new directives to put the country in line with the designs of the Pentagon and the Reagan Administration, will be very happy with the statements we have been commenting on here.

Sincerely yours,

For the Dominican Left,

Juan B. Mejia, Narcisco Isa Conde, Rafael--Fafa--Taveras.

PACOREDO's Remarks

Santo Domingo LISTIN DIARIO in Spanish 8 Aug 83 p 9

[Text] The political committee of the Central Committee of PACOREDO (Communist Party of the Dominican Republic) yesterday demanded that the administration and the government security agencies offer "convincing details" on an alleged plot with "destabilizing purposes."

In a written document, PACOREDO states that it is necessary to establish "the specific and concrete outlines of the plan" which supposedly is being promoted by left-wing groups.

Here is the text of the statement:

"The denunciations made by this administration's most prominent officials are extremely grave. They are President Salvador Jorge Blanco, auditor Jose Francisco Pena Gomez, and Minister Hatuey Decamps.

"Following the president's statement to the effect that there is indeed a scheme afoot, detected by his security and intelligence agencies, aimed at undermining democratic stability and, in passing, his administration's tenure, we hope that he will supply convincing details, give us the specific and concrete outlines of the plan, in a responsible fashion present the names of persons and organizations implicated, along with the scope and characteristics of administration measures intended to counter those presumed plans.

"This was and this is the only way to eliminate the intrigue and the attempt to poison the political atmosphere resulting from the denunciations made by his Prime Minister Hatuey Decamps and Agriculture Secretary Angeles Suarez when this political maneuver was launched, characterized as it is by the unrestrained increase in violations of human rights, particularly those of a political nature.

"On top of those initial statements--characterized, it seems, more by the desperate concern of an administration and a group of leaders (of the PRD) with concealing their bankruptcy and their failure in leading the public administration, in which position they only managed to display arrogance, prepotence, and a very damaging inclination against the workers and the country--we now have the story, definitely coming from high administration circles, to the effect that guerrilla schools were discovered in the country and that the military establishment is really alarmed about that.

"Now, even if that were true, it is rather captious, suspicious, and disappointing that the president of a nation devotes himself to putting out isolated and unconfirmed news items which means that those bits of news are unfounded--doing all this in his eagerness to justify a repressive policy at the expense of democratic legality which is now in force.

"In a country such as this one, where there are such fragile foundations for the maintenance of a democratic, pluralist climate and where the struggle for the institutionalization of all national life features such tremendous dangers that even the party in power and its leaders in the administration do not hesitate to obstruct any measure aimed at democratization due to the mere fact that they cannot derive immediate advantages from it (as in the case of the Central Board of Elections which today is involved in a dangerous crisis) or where the administration and its party seek to prevent citizens who were in the army before to participate in politics (as is the purpose of Circular No 18002 issued by the Secretariat of the Armed Forces), in a country such as this one, we emphasize the fact that the top authorities devote themselves to spreading rumors can have disastrous consequences--and it does not matter whether those rumors later on turn out to be true or not. Those authorities therefore should talk and act with the proper sense of responsibility.

"The country can no longer put up with blackmail as a means for undermining its rights to the enjoyment and exercise of democratic legality.

"The PACOPEDO does not feel that it has been referred to every time the authorities say that there are destabilizing plans and agitation against them.

"This is so because they have characterized us--particularly during the current term of democratic legality which began in August 1978--by an upright attitude in support of the institutionalization and democratization of all national life.

"But the thing that makes us respond most specifically and concretely to the new escalation of repression unleashed by the administration of Jorge Blanco and by Jose Francisco Pena Gomez, in particular, consists of the events that have been generated and even more so by the rather low-level way in which the PRD administration authorities have been acting; as we were informed, it was from the Palace (Hatuey Decamps) that orders were issued for the jailing of five distributors of the independent weekly DESPERTAR!; at the same time they were charged in a rather unusual fashion with occupying land together with the peasants of San Juan de la Maguana and Las Matas de Farfan.

"We know that this man Pena Gomez is very much against the PACOPEDO after we had spelled out our position regarding the Haitian issue and the negative role which he is playing at this time.

"And since Pena Gomez, along with the administration of Jorge Blanco, is the first to compromise with the Reagan Administration and anticommunist ideological repression and persecution in the country, we cannot help but fully reaffirm all of our positions on that score.

"Consequently, we reject any idea of anybody, out of vengeance or revanchism, wanting to lump us together with those with whom we broke ever since our birth 17 years ago due to tremendous differences in all of the areas in which social and political struggles take place."

5058

CSO: 3248/1230

PENA GOMEZ COMMENTS ON LEFTISTS, DEVALUATION

Santo Domingo LISTIN DIARIO in Spanish 8 Aug 83 pp 1, 13

[Article by Luis Moncion]

[Excerpt] Mao, Valverde--Dr Jose Francisco Pena Gomez stated here that the Dominican Left is getting desperate because, in his opinion, to stir up discontent and provoke direct actions by the masses "is extremely dangerous" and "only benefits the extreme Right."

He warned, however, that the PRD is going to deal with the Left not just with repression, because he understands that that would be to fall into a trap, but also on the ideological plane and with greater activism toward solving the problems that are ailing the country.

The National District magistrate also dismissed charges that he is stirring up an anticommunist campaign to fit into the plans of US President Reagan and called them "an absurdity."

Pena Gomez talked to reporters on several topics after the reinterment of the remains of his adoptive parents, Regino Gomez and Fermina Pena, in this town's new cemetery.

Pena Gomez suggested that the Dominican Left is getting desperate in a critical situation that is not only afflicting the Dominican Republic "but is also, as the just-completed SELA-CEPAL conference has revealed so well, general throughout Latin America."

He cited cases like Venezuela and Mexico, big petroleum producers that are facing a difficult situation today because of the devaluation of their respective currencies. And he added that the cases of devaluation, galloping foreign debt, unemployment, dependency problems and social problems have grown worse in all the countries of Latin America.

Referring to the charge that the PRD is allegedly going to start hunting down the leftists, the District magistrate explained that his party has had 22 years of political activity in the country, during which it has demonstrated the exact opposite of everything the leftists are charging. He recalled that in 1964 the leftists were able to get out of jail and to come back to the

country, thanks to a general amnesty that the PRD negotiated, and that the same thing happened in 1978 when the leftists won their freedom and could return home, thanks to the PRD government.

"That is the history of the PRD. So how can they say that the PRD is going to start hunting them down?" the political leader said in an emphatic tone.

"What does the Left want?" he asked, "to unleash a campaign of subversion and not have anybody do anything to them? Well, who is going to stand for that?" Pena Gomez went on to ask whether Fidel Castro in Cuba or Andropov in the Soviet Union would allow anyone to go on strike and get away with it.

In strong tones he put the same question to the leftists: "In what country is it permitted to paralyze a nation and nobody gets arrested? Let them show me a model, a country where that is not done. Let them tell me whether it is possible to call a strike in Hungary or whether there is any country in the socialist camp where that can be done without anyone being put in jail."

He recalled that in Poland they tried to get a union recognized, "and we already know that that brought on a coup, martial law, and the arrest of the union leaders. So let the leftist leaders shut up."

As for his stirring up an anticommunist campaign, he said that the leftists of this country are talking nonsense, because "no Dominican leftist has been closer than I to the revolutionary process in Central America." He said that when the Sandinists sought economic aid for their revolution against Somoza, with real shooting, the Dominican leftists gave them only 200 pesos, while the PRD gave them 100,000 dollars. "So we are the ones who really helped the Sandinists, and not with just chatter, so the leftists don't know what they're talking about."

"How can they say that we have to keep in line with Reagan's plans, when we have actually gone to the United States, to the heart of the monster, to plead against that in an effective campaign, and not just stayed down here shouting insults that don't go out of the Dominican Republic?"

"The leftists are speaking to the ignorant who don't know what is going on in Latin America, yet they won't speak with a leader like me who is a personal, intimate friend of all the Central American revolutionary leaders, of real revolutionaries, not just cheap revolutionaries who go around shooting off their mouths in the streets."

The PRD's top leader insisted that the only one benefitting from strikes is the extreme Right, the same one who jailed and exiled the leftists who today are free to move around the country.

Currency Devaluation

On another matter the capital city magistrate said that even though the peso has not been formally devalued, it has been in fact, and he suggested that to pretend that the Dominican Republic can live apart from the world crisis is an illusion.

He said that the US dollar had gone back up as a result of the high interest rates that US banks are paying and of the slow but real economic recovery of the US. He cited that cases of Germany, France, Mexico, Venezuela, and others where the value of US currency has gone up, especially in relation to past years, and said that Latin America is 3 billion dollars in debt, of which half is owed by three countries alone. "And if that can happen in the oil-producing countries, in other words the most wealthy, who is to say it can't happen in the Dominican Republic?"

He thought that the monetary authorities had made some decisions which had not worked out, such as letting the banks into the foreign exchange business, which in his view had been counterproductive because "that had not put an end to the problem."

He declared that another of the country's big problems "is to expect that everything can be solved by government action, by monetary measures, reducing the money in circulation, imposing restrictions, none of which gets at the root of the problem." He said that the backing of the Dominican currency is the productive capacity of the country, since the monetary reserves serve only to guarantee our currency in international transactions, but on the national plane the backing of the currency is the nation's productive capacity.

He further declared that, to the extent that Falconbridge and Alcoa get shut down, that not enough corn, grain, sorghum, and other foodstuffs and staples basic to the diet of the Dominican people are produced, "all of us, government, opposition, and people" are responsible for that crisis. He said that it is unforgivable that the Dominican Republic imports foodstuffs at a cost of more than 150 billion dollars, while we are selling sugar below the cost of production.

He expressed his hope that the Caribbean Basin Initiative might help get our economy moving again, "but let no one pretend that we are going to solve our problems with magic formulas; that's not how it is done. It's elementary. Whoever thinks that we can simply create foreign exchange, you just don't create foreign exchange."

He added his belief that there are people in the country who are abusing their freedoms and trying to get the people worked up into a feeling of frustration over mistakes for which the authorities are not to blame.

12430

CSO: 3248/1229

BAN ON LUXURY IMPORTS LIFTED; EXCEPTIONS NOTED

San Salvador LA PRENSA GRAFICA in Spanish 2 Sep 83 p 29

[Text] The ban on imported luxury items, pursuant to Decree 343 of 1 April, 1982, has expired.

Mr Rigoberto Monge, finance minister, explained that the measure was taken last Tuesday at a meeting of the economic cabinet by the Ministries of Finance and Economy, and officials of the Central Reserve Bank.

He stated that Decree 343 was extended 3 times, last time on 28 June, 1983, and expired on 31 August, 1982. When this decree expired, said Mr Monge, all the bans involved in it ended, too. These bans covered about 1,000 items, especially cosmetics, domestic electrical appliances, clothing, alcoholic beverages, footwear, dishes, timepieces and other items originating outside the Central American area.

Mr Monge also referred to the improvement in foreign exchange. By means of this measure, he argued, it is expected that in the next 4 months, an impact will be felt in the foreign exchange market. He also announced that no special permit need be made out in the name of the interested party in order to import the so-called luxury items.

Finally, he released Resolution 1058, which stipulates present limits:

"Official daily of 1 Sept., 1983, San Salvador, 31 August, 1983. Resolution No. 1058.

The Executive Power in the Ministries of Economy and Finance, considering:

That in view of the present foreign exchange situation it is necessary to limit imports of certain automotive vehicles which may generate high fuel consumption and whose price is higher than those normally intended for carrying out productive activities; as well as vehicles intended for other means of transportation, such as air, sea and river, namely aircraft, ships, boats, launches and other small vessels.

Therefore, based on Article 1, letter c) of the law of marketing and price regulation and Article 33, No. 18 of the Domestic Rules and Regulations of the Executive Power,

Resolves: Art. 1 To prohibit the importation of means of transportation described immediately hereafter:

Automotive Road Vehicles

- a) Passenger vehicles, including station wagons and race cars, in which any of the following circumstances are present: 1) whose motor capacity is over 1600 cc.; or 2) whose net export price is over \$8,000.00 U.S. dollars.
- b) Vehicles with 4-wheel traction, except those used for carrying freight, such as trucks, pickups and jeep-type vehicles.
- c) Buses intended for mass passenger transit;
- d) Complete motorcycles, assembled or not, including with complete sidecars, whose motor capacity is over 300 cc.;
- e) Mobile homes with or without installations;

Aircraft

Complete, assembled or not assembled heavier-than-air aircraft, including gliders and kites, whose purpose is to carry people or freight.

Ships and boats

Yachts, sailboats and other recreational craft, launches, small boats and automotive canoes.

Craft moved by oars, sails and other minor motorless craft, including sports craft, provided they are not intended for the fishing industry.

Article 2. In exceptional cases, the aforementioned goods may be imported, with previous authorization from the Executive Power in the departments of Economy and Finance and with the favorable opinion of the Monetary Board.

Article 3. The net export price to which letter a) of Art. 1 refers, shall be the price the manufacturers list in their catalogues or price lists. Such prices must be presented by the distributors or representatives to the State Office of Customs Duties for its approval.

Article 4. Violations of these provisions will be punished according to law.

Article 5. The present Resolution shall apply from 1 September, 1983, and remain in force until 31 December, 1983.

12448

CSO: 3248/1269

~~COALITION SPECULATION FOCUSES ON ASSEMBLY PRESIDENCY~~

San Salvador DIARIO LATINO in Spanish 3 Sep 83 p 4

/Text/ The presidency of the Constituent Assembly from which, at the proper time, Maj Roberto D'Aubuisson will step down, is a post to which some deputies have high aspirations.

Up to now three strong candidates are known: Dr Rafael Moran Castaneda from PCN /National Coalition Party/; Julio Adolfo Rey Prendes from PDC /Christian Democratic Party/ and Dr Maria Julia Castillo from PAISA /Authentic Salvadoran Party/.

The post will remain vacant when D'Aubuisson gives up the presidency of the assembly, since he is holding firm to the promise to retire from the constituent body, once the new political constitution is approved.

Until now, D'Aubuisson has not clearly declared why he will leave the post, but it is generally presumed among the members that he will devote his time fully to politics by virtue of his role as the ARENA party's presidential candidate.

For some deputies who do not belong to Christian Democracy, the one with the highest hopes for that title is Rey Prendes, since for some time back the PDC has even tried to make more than one deal to get that post for Rey Prendes.

Other sources believe that once Major D'Aubuisson steps down there could be a complete restructuring of the leadership which would benefit the PDC-PCN and AD bloc to the detriment of the other bloc, ARENA-PAISA and PPS.

9908

CSO: 3248/1268

PCN MEMBERS DENY RUMORED COALITION WITH PDC

San Salvador EL DIARIO DE HOY in Spanish 2 Sep 83 p 3

/Text/ Members of the National Coalition Party /PCN/ denied yesterday being affiliated with the Christian Democratic Party /PDC/, but did confirm that their views and ideas are in line with Democratic Action /AD/.

At PCN headquarters, Hugo Roberto Carrillo Corleto and Dr Rafael Moran Castaneda, both leaders of the Constituent Assembly, said they have learned about some statements in which it is noted that PCN has formed a coalition with PDC which--they said--is absolutely false because it does not coincide with their political platform.

They said that the "30-30" matter is false, which it is said operates in the Assembly, since PCN holds firmly to its principles.

They explained the "30-30" matter has been saying that 30 delegates are solid in one bloc and the other 30 in another, pointing out that what is happening between ARENA /Revolutionary National Alliance/, PPS /Salvadoran Popular Party/ and PAISA /Authentic Salvadoran Party/ is, indeed, a reality, or it may be that the three parties practically form a bloc in the Assembly, which totals 30.

On his behalf, Dr Moran Castaneda informed he has had invitations to join PAISA, but he has refused to do so because of personal convictions and respect for his word given to PCN.

But he also said that the discussions held on the new political constitution, some PDC deputies have been satisfied, but at the time of Constituent Assembly sessions, each one has a difference of opinion which makes the lack of commitment by PDC deputies obvious, he said.

9908

CSO: 3248/1268

BRIEFS

TERRORISTS' BRIDGE DAMAGES ASSESSED--With the three bridges destroyed last Saturday night in the San Miguel area, terrorists have damaged or destroyed 76 bridges, causing damage amounting to over 68 million colons, said the minister of public works, engineer Pio Arnulfo Ayala, when he reported yesterday on the magnitude of the attack and on the public works which have been started to keep vehicular and pedestrian traffic in that area fairly mobile. Sixty percent of the upper structure of one of the dynamited bridges, the Urbina Bridge, over the Rio Grande of San Miguel, was destroyed. The damages amounted to 1 million colons. The Urbina Bridge connected the San Miguel area with the main towns of Morazan and La Union, like San Francisco Gotera, Santa Rosa de Lima and the border post of El Amatillo. To keep the crossing open to traffic, a ford was built which will offer a restricted thoroughfare while a bailey bridge is being built. The other bridge that was the target of terrorists was El Plateado, over the Panamerican Highway, that connects San Miguel with many municipalities in San Miguel and La Union. This bridge was 140 meters in length, was totally destroyed. The damages are estimated at 3 million colons. As a temporary solution, a bailey bridge will be built over the old street called Las Carreteras, which will hold up to a 5-ton load. Heavy freight will have to detour along the Seacoast Highway, over the El Delirio bridge. The third damaged bridge was the El Negro railroad bridge, whose metal structure was overturned, but remained intact. Therefore Minister Ayala said it will be possible to restore it on its foundation, for which heavy gear-like cranes, keys etc., will be required. To repair the damage done to these three bridges, approximately 5 million colons will be spent. [Text] [San Salvador DIARIO LATINO in Spanish 7 Sep 83 p 3]

12448

CSO: 3248/1269

WIDESPREAD CONCERN OVER IMMIGRATION CONTROL

Mayors' Congress Issues Communiqué

Cayenne LA PRESSE DE GUYANE in French 2 Aug 83 pp 1, 4

[Text] Although it was not among the questions on the agenda of the special congress of the Guiana Mayors Association, the delicate problem of immigration, with its implications for the economic situation, was brought up at length by President Andre Lecante in his opening address.

A very lively debate followed, a debate quite similar to that of the regional council meeting shortly before, on the 30 measures proposed by the Immigration Commission in an attempt to establish a real immigration policy.

The speakers -- and they were many -- came out for very strict control of the entry and visiting requirements for foreigners in Guiana, finally condemning the inadequate means made available to the government to ensure such control.

A motion, whose complete text follows, was to be passed by the Guiana elected officials, who are determined to make their contribution to the solution of the problem in question.

The Association of the Mayors of Guiana:

Meeting in a special congress in Cayenne on 30 and 31 July 1983;

Recalling their preceding positions adopted in 1976, 1977, 1979, 1980 and 1981 on foreign immigration into Guiana, positions that have never been the subject of any decision by the government representative in the region;

Considering that the large number of foreigners in Guiana's territory -- now 25 percent of the population included in the census -- requires that such immigration be halted immediately;

Considering that the government representative in the region does not have adequate means to effectively control the conditions for the entry and stay of foreigners in Guiana;

Considering that this uncontrolled immigration is the source of social, economic and cultural disturbances whose consequences have an immediate effect on the schools and health facilities and a long-term effect on housing;

Considering that if the economic activities showing a deficit (agriculture, forestry, fishing, mining and domestic service) might offer jobs partially taken by immigrants, one must nevertheless observe that the presence of too much foreign labor in Guiana creates a conflict with local nationals looking for work;

Considering that to link the migratory phenomenon to the claim that Guiana enjoys a high standard of living compared with the South American countries might lead to serious disappointments because its production is almost nil and because its entire economy is artificial because it is based on public transfers from the mother country;

Considering that the immigration policy which the government wants for the overseas departments consists of attacking the causes of migrations in the countries of origin and is based on an active policy of cooperation with the governments of Haiti and Dominica in order to try to keep these people at home through local development;

Considering that while waiting for this policy to yield concrete results, Guiana will already be invaded by foreigners and that, under these circumstances, effective measures are urgently needed;

Considering that this situation is intolerable and that the government must assume its responsibilities;

Notes that the Immigration Commission, presided over by the prefect and commissioner of the republic, has performed serious work and that the measures proposed seem designed to cut off immigration;

Deplores the fact that among these 30 measures, insufficient mention is made of special provisions concerning Saint-Georges de l'Oyapock and that certain measures taken for Saint-Laurent du Maroni should be adapted to the Oyapock region;

Deplores the fact that gambling, particularly "La Boite," prostitution and drug use, on the rise because of the influx of immigrants, have not been the subject of more effective control and elimination;

Rejects the presentation of motives in the report entitled "Thirty Measures for an Immigration Policy in Guiana" and drafted by the prefect and commissioner of the republic, which basically does not correspond to the real causes favoring the entry of foreigners into Guiana;

Adopts the 30 measures proposed by the Immigration Commission, taking into consideration only immigrants now in Guiana;

Asks for the addition of two specific measures: the first aimed at stepping up means of controlling immigration in the Saint-George de l'Oyapock region

and the second aimed at punishing those engaged in gambling, particularly "la bolette," trafficking and the use of drugs, prostitution, using all the means necessary for their eradication;

Hopes that before the effective application of these measures, a vast information campaign will be launched, along with the publication of the Thirty Measures; and

Hereby resolves to send a mission of Guiana mayors to Haiti, Guyana and Brazil to inform the political authorities in those countries of the position of Guiana's elected officials on the immigration policy they intent to implement in their region.

Immigration Commission's Proposed Measures

Cayenne LA PRESSE DE GUYANE in French 4, 5, 6 Aug 83

[4 Aug 83, pp 1, 4]

[Text] Immigration has been the burning issue in Guiana in recent weeks. After the long-awaited debate in the Regional Council, it was the Association of Mayors of Guiana that issued its opinion on the 30 measures proposed by the Immigration Commission. We are publishing those measures today in order to provide every possible means of evaluating their content.

Guiana is traditionally a land that has welcomed immigrants. Historically, this has resulted in the successive arrival and establishment of persons from the French, Dutch and English Antilles, as well as from the Near and Far East, persons who have gradually joined the Guiana population.

This situation results from objective conditions which make this department a pole of attraction. In particular, it is a matter of its potential, relative economic wealth, the high standard of living compared with its neighbors and the democratic political system that guarantees freedom and security in a region of the globe that is often troubled. The efforts made toward the development of Guiana (forestry, fishing, agriculture) have intensified the phenomenon because of the addition of jobs in an economy without enough people.

As a result, the most recent waves of immigration have taken on new significance.

The influx of Brazilian and especially Haitian nationals has been so great in recent years that it has substantially modified the structure of the population living in the department. The size of the alien addition to the local population has thus made the natural process of integration more difficult.

The awareness of the new dimension of problems linked to immigration has led elected officials, the government and all Guianese people to evaluate the matter in order to try to derive the main lines of a policy to be defined, outlined and put into practice by everyone.

However, to date, a complete analysis of the economic and social consequences of the massive influx of foreigners into Guiana was missing. Observations were partial and therefore inadequate.

The need for an overall study of the cost but also of the advantages of immigration became apparent from the very first meeting held by the commissioner of the republic on these matters on 22 October 1982.

Lacking such an approach, the drafting of an immigration policy could only be blind because it was based on elements not understood. A proper perception of reality through preliminary work was indispensable.

As a result, the prefecture was entrusted with the task of drawing up a report on the "costs and advantages of immigration in Guiana." That document, presented at the 17 January 1983 meeting, is the basis of the current work. It shows the contribution of foreigners to the Guianese economy, particularly in agriculture, forestry and fishing. It also reveals the burden which that population represents for Guiana, both with respect to health care, education for children and the housing of immigrant families.

Certain conclusions rapidly became evident. A policy aimed at the return en masse of immigrants to their native country is economically impossible and humanly unthinkable. However, given the current state of the psychological and socioeconomic context of Guiana, a threshold is achieved and it is imperative to halt immigration. The foreign population now residing in Guiana must gradually be integrated, as has always been the case with immigrants coming to live in the department.

As these main guidelines received the approval of participants, it was agreed that the precise definition of a policy depended on reflection in small groups on the precise aspects of the problems of immigration. Six commissions were set up, made up of elected officials, representatives of government agencies and socioprofessionals.

These groups were to meet and examine solutions to put into effect, measures to be taken and finally, propose conclusions which, taken as a whole, would form a coherent proposal. This process ensured effective division of work by subject and coordination of the different partners jointly drafting a policy to be carried out by everyone.

The coordination of the different sectors was ensured by the prefecture.

On 14 June 1983, under the commissioner of the republic, a meeting was held with the six group chairmen. The conclusions reached by each of the commissions and put in the form of precise actions were examined one by one and set forth in this document.

The measures presented below are articulated around two guiding ideas. On the one hand, it is a matter of halting immigration, which in Guiana has already reached a very high level. But measures must also be promoted aimed at the integration of a foreign population living here and which for the most part will remain permanently.

Before examining the implementation of an immigration policy, based on these two guidelines, four general measures must be brought up that would make it possible, materially and legally, to exercise control and, more generally, some action over the people concerned.

1 -- Establishing Legislation Specific to Guiana

Deputy Elie Castor filed a bill to create a specific legal framework for the entry into, stay in and exit from Guiana by foreigners.

The text was not examined by the commission because it is the subject of a special examination by the Regional Council within the framework of its powers to propose, modify and adapt legislation.

On the whole, this bill can be analyzed in the following terms: giving the regional assembly power in this domain; making entry conditions more difficult through the approval of original agreements with border countries, the requirement to present a certain number of documents by individuals and the elimination of categories of privileged foreigners (spouses, minors, and so on); making the conditions for the stay and employment of foreigners more difficult, imposition of a specific place of stay, a ban on the exercise of a certain number of professions, and restrictions on the rights of privileged residents; and making deportation conditions easier through the elimination of privileged categories (spouses, minor children, and so on) and the extension of cases of deportation.

2 -- Establishment of a Branch of the Immigration Office

The establishment of a branch of the National Immigration Office in Guiana (ONI) is one of the priorities affecting the effectiveness of the last measures. This is recommended in overseas departments by a report of the Economic and Social Council of March 1983 on illegal work. It is the task of the Office to control and orient the professional nature of immigration. The recruitment of six officers might be sufficient on the condition that some of them speak Brazilian, Dutch or English.

3 -- Establishment of a Regional ONI Council

The special conditions of local immigration and the specificity of the department justify the sponsorship of a council made up of political, administrative and socioprofessional representatives of Guiana.

4 -- Foreigners Center

The ONI branch should be set up in a "foreigners center." The center would not be a new administrative structure, but a mere geographic space in which a single building would include the "foreign" sectors of government offices and agencies. The prefecture, police, gendarmerie, the Departmental directorate of health and social affairs and the departmental directorate of labor and employment would be concerned.

This spacial grouping would make the coordination of services that are now scattered faster, easier and more effective. In addition, the foreigners themselves would find their task easier. Government offices could be joined by associations of foreigners. Finally, the reorganization and coordination effort should be accompanied by the recruiting of a center director, essentially to be in charge of relations between government offices and organization brought together in the institution.

The aspect of the immigration policy aimed at limiting the influx of immigrants and massive arrivals of foreigners in Guiana would be based on two different types of action, whose goals would also be distinct. Measures should first be taken so that borders may effectively play their role and become "hermetic" to the extent possible. Having accomplished this, the next step would be to make foreigners leave Guiana whose presence is not desirable and who prevent the satisfactory integration of the rest of the population.

In order to halt illegal immigration, borders must be more strictly controlled.

The geographic configuration of the department requires the implementation of substantial means. Air surveillance is effective and the effort must therefore turn to the rivers and the sea.

5 -- Registering French Pirogues on Maroni

The Maroni seems to be a crucial point. The commissioner of the republic is reportedly issuing an order requiring the registration of French pirogues on the river.

6 -- Ban on Night Dockings

A second order would reportedly ban night dockings by unregistered pirogues. This would make it possible to reconcile effective control with the need for free navigation, particularly to serve communes.

[5 Aug 83, pp 1, 4]

[Text] 7 -- River Patrol for Saint-Laurent Police

The effectiveness of these measures would be ensured by providing a new river patrol for air and border police.

8 -- Remodeling Banks of Saint-Laurent du Maroni, With a Ban on Construction Along One Strip

Reconstruction of the Maroni bank, now underway, will also make more effective surveillance possible.

9 -- New Border Station on National Highway 1

In addition to the measures previously outlined, the establishment of a new border station (customs, PAF [presumably Air and Frontier Police], either

at Saint-Laurent Centre or on National Highway 1, would seem to be a very useful way of fighting the congestion of Cayenne Island because of illegal immigrants. The impossibility of getting to the chief town should also deter immigrants from coming to Saint-Laurent du Maroni, which for them is generally but a point of transit. This operation is costly (construction of a building, recruiting of some 20 agents), because a delicate problem occurs with the exact location of the infrastructure. The majority of the coordinating group opted for National Highway 1 between Saint-Laurent and the intersection of National Highway 1 and CS 9.

10 -- Requiring Foreign Vessels To Dock at Degrad des Cannes

The direct arrival of foreigners to Cayenne Island stems from vessels docking at the old port. A modification of Prefectoral Order No 786/C of 19 July 1967 placing the old port off limits for international navigation would make it possible to control the arrival of boats at Degrad des Cannes more effectively because it alone would be accessible.

11 -- Stepping Up Maritime Surveillance of Customs Directorate

In order to prevent these measures from resulting in increasing uncontrolled night landings, around Pointe Mahury, for example, increased surveillance of the maritime space is indispensable. Formation of a second crew for the customs patrol boat and the increase in fuel supplies would permit more intensive use of the vessel.

12 -- Greater Air Surveillance of Departmental Ocean Directorate

Air surveillance of the sea, which is extremely effective, would also be stepped up for both coastal and deep sea areas by means of chartered helicopters (Pumas and Alouettes: 40 hours).

Once control of the borders is achieved, another set of measures should be taken to gain the departure of illegal aliens.

13 -- Modifying Visa Regulations

As for the situation of illegal aliens in Guiana, it would appear that one of the favorite means for entering the department is the tourist visa. Such a visa is valid for 3 months. Obviously, many persons do not return within that period of time and blend into the immigrant communities. Among the various possibilities available to solve the problem, the most effective one is the establishment of a visa requirement for nationals now exempt (persons from Surinam).

This measure would be accompanied by the provisional 6-month suspension (renewable) of the issuance of tourist visas for the entry into Guiana of Brazilians, Haitians, Surinamers, Guianese and Trinidadians. Family groupings would also be suspended while awaiting the definition of precise criteria by the National Immigration Office.

14 -- Deportations and Exclusions

Although all these measures may be taken to prevent foreigners from continuing to arrive in the future, it would also be necessary to plan to carry out more deportations and exclusions of illegal immigrants.

Certain facts and situations should be the subject of a closer examination, more frequently followed by deportation, prison terms or suspended sentences (in the case of violations of visiting requirements for foreigners), visa rejections, foreigners caught working illegally or in the country illegally (after verification of the family situation).

15 -- Establishment of Means of Deportation and Expulsions

Materially speaking, the construction of a building in Rochambeau would be planned to hold persons awaiting departure under satisfactory conditions and as long as necessary to verify their statements, draw up deportation orders and wait for planes headed for their native countries.

16 -- Controlling Foreigners in the Communes

Finally, regarding the stay of immigrants, municipal records should be reactivated and all foreigners residing in the commune should be registered in them.

The work of immigrants should also be more strictly controlled. Actually, this is generally the purpose of immigration. It is also in the field of labor that the contribution of foreign workers can be beneficial to Guiana.

However, the effects now produced by a situation out of control annihilates for the most part the positive aspects, which at the outset are not in question. It is therefore a matter of clarifying the labor market in order to find healthier conditions indispensable to the continuing economic development of Guiana. Immigrant labor will be fruitful only if it permits the growth of productive sectors without enough labor under conditions where there is no threat to local workers and enterprises already in existence. Two targets can be identified: wage earners and their employers.

17 -- Defining Professional Areas Needing Workers

It will be up to the ONI to do this work and examine applications of enterprises, while being certain that the employment of foreign workers will not be to the detriment of nationals.

18 -- Organizing Information Campaign on Rights and Duties of Employers and Foreign Workers

Such a campaign must last several months. Organized by the ONI, it would explain that to employ a foreigner in place of a French citizen cannot be "good business."

19 -- Creating a Specialized Team To Oversee Workers in the Departmental Directorate of Labor and Employment

Overseeing employees at places of work would be the task of the Departmental Directorate of Labor and Employment, which would be expanded with the creation of a special team of three agents.

20 -- Stepping Up Surprise Operations at Work Sites

Larger surprise operations would also be organized with the support of police and gendarmes. Such actions would result in the deportation of illegal immigrants or the regularization of their situation when it is a question of workers in sectors with a labor shortage.

21 -- Penalties for Employers in Violation

At the time of such sweeps, employers in violation (failure to enroll workers in social security, register foreigners) would be punished. The possibility of applying Chapter I, Section IV, Book III, of the Labor Code to Guiana would be requested of the legislature through abrogation of Article L. 831.1 of the Labor Code. This would permit the rapid implementation of exemplary administrative sanctions (very high fines). Visits to enterprises would provide an opportunity to verify hiring records for foreigners of employers.

22 -- Systematic Exclusion of Employers in Violation From Public Contracts

As a contractor, the government would contribute to the effort in this area by exercising much closer control of contracts in order to prevent subcontracting to illegal aliens.

[6 Aug 83, pp 1, 4]

[Text] The second aspect of the immigration policy proposed by the Commission has to do with the integration of immigrants legally residing in the department. This goal can only be achieved through an improvement in the living conditions of a very deprived population. Without claiming to bring immigrants up to a situation comparable with that of the Guianese people immediately, greater information and preventive health care, action on housing and better schooling for foreign children would increase the chances of a proper integration into the local population.

Regarding health, the choice was made not to propose the establishment of special structures in order to avoid what might resemble segregation.

23 -- Prevention Through Two Posts as Specialized Social Workers

Emphasis has thus been placed on prevention and information, while proposing to recruit from the foreigners' center two social welfare workers speaking Taki-Taki, English and Brazilian, whose essential role would be to guide their advisees toward existing clinics. The goal of health education would be pursued in this way. Integration would be achieved through the frequenting of traditional health structures by foreigners.

The education of foreign children is an essential objective of the integration process of the alien communities.

24 -- Under Ninth Plan, the Establishment of 60 Primary Classrooms

Socialization and the assimilation of French come about through the young. Those constituting the "second generation" will never feel Guianese until they are educated like them and attend school with them.

Educational difficulties in themselves are not the hardest to deal with. Some solutions are already being implemented for the primary education of older pupils in introductory classes. The conclusions of the work group recommending uniform education for all children therefore meet only the obstacle of the lack of material means in terms of classrooms and teachers. Guiana's population growth is substantially due to immigration, not only because of the influx of aliens, but above all, because of the high birth rate of foreign groups compared with the French.

Foreign pupils represent 10 to 15 percent of the school population at the present time, but this proportion should grow rapidly and most school construction and new teaching posts will mainly be due to them.

According to demographic projections, which cause little surprise, the number of foreign pupils will rise five times over the next 5 years. The table (see Appendix 4 [not reproduced]) shows that in order to educate foreign children born in Guiana since 1978 alone (children arriving at the age of required school attendance), needs for the next 5 years total 60 classrooms. In the opinion of experts, the ideal solution is early education for these children so that problems of learning the language will be quickly resolved. It would therefore be desirable to increase the number of nursery schools and pre-kindergarten classes.

It is undoubtedly in the field of housing that the greatest effort must be made, especially financially speaking. However, one clarification is indispensable: These actions regarding the housing of foreigners would not hurt programs to aid housing for Guianese. Structures for implementation, financing and the products promoted are clearly different.

25 -- PACT Center

Establishment of a PACT (Protection, Improvement, Conservation and Conversion of Housing) center in the form of a partnership would be the first measure to promote. This center would make proposals on housing, which would then be examined by the departmental commission for the housing of immigrants, which would in turn send them on to the national commission.

26 -- Establishment of Interprofessional Housing Committee

The administrative of programs approved by the minister of city planning, upon the proposal of the CNLI [expansion unknown] would be entrusted to the interprofessional housing committee to be set up. The latter would include

at least 60 employers with at least 10 employees (or 20 professional unions) and collect the .1-percent immigrant housing contribution from employers with over 10 wage earners.

27 -- AFICIL Financing

These funds (currently collected by the low-rent housing company, SIMKO [expansion unknown] and SIGUY [expansion unknown]) would be added to those paid by the Interregional Financial Association of Interprofessional Collectors of the .9 Percent Housing Contribution (AFICIL) and would finance approved programs. Needs are estimated at 30 million francs a year for 10 years.

28 -- FAU Participation

Additional contributions would be requested of the Urban Development Fund (FAU) in order to develop land (5 million per operation).

29 -- LTSNI Program

Once the administrative and financial structures exist, the operations would then be promoted. Some are already planned. They are based on a new project: social housing with contributions in kind by immigrants (LTSNI). These would be construction projects whose materials and plans would be supplied by the government.

Organization (foremen) is also planned, but those involved would make their contribution by hands-on involvement, which would amount to an estimated half of the total construction cost.

The Cayennais low-rent housing file for the Leblond Dike is being studied by the CNHI. Two other projects drafted by the Departmental Equipment Directorate are planned, one for the old section of Kourou and the other at Pointe Marais.

30 -- Settlement Areas Linked with Centers of Activity

Finally, settlement areas linked with centers of activity have been proposed. The main options are the following: Outside Cayenne Island, there are areas where foreigners would be encouraged to settle. Summary development of the land and some planning of construction would provide decent living conditions. Ownership of the land would remain with the commune or PACT. The allocation of land in the area would be planned so that immigrants of rural origin (Guiltians) could engage in farming. These population groupings would develop into settlements that would relieve the congestion of Cayenne Island and result in a better distribution of the population over the territory of the department.

These are the 30 measures for an immigration policy recommended by the Commission. The latter deemed it desirable, although the definition of the policy vis-a-vis foreigners and its implementation is the province of the government, to have a debate opened and consensus achieved on a problem involving each of our citizens and the future of the entire Guianese community.

This was the well-documented opinion of the prefect, commissioner of the republic.

Under such conditions, it decided to send its report to the Regional Council for its opinion, an assembly which, because of its legal competency, is responsible for reflection on the economic, social and cultural future of Guiana.

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POLITICIANS VIEW PROPOSALS FOR FOREIGN PRIVATE DEBT PAYMENT

Caracas EL NACIONAL in Spanish 30 Aug 83 p D-16

[Article by Hector Landaeta]

[Text] Among politicians, the prevailing criterion is that to be able to orchestrate a measure such as fidei-commissum to pay the foreign private debt, as was announced by Finance Minister Arturo Sosa, one would first have to define, and very clearly, what that debt actually is.

"It should be established that the declared sums correspond to an indebtedness actually contracted," advises Abdon Vivas Teran.

"It is very dangerous," says Jose Vicente Rangel.

"That debt must be established according to the net balance of the outstanding claims of the enterprises," states Carlos Blanco.

"It is an idea of ours and it could create confidence," comments Pedro Conde.

"The debt to be paid should be examined painstakingly," asserts Pompeyo Marquez.

The measure as a possibility is not meeting resolute opposition, but there is a general warning about the need to evaluate the debt, for the fidei-commissum could contribute to bringing about a new wave of corruption in the country.

Abdon Vivas Teran, member of the national directorate of COPEI, considers that prior to paying the foreign private debt, there should be an accelerated quantitative examination to establish that the declared sums correspond to the indebtedness actually contracted.

"One should require," he stated, "the renegotiation of that debt with the purpose of lessening the impact that its payment can have on the balance of the external sector of the economy. It is absolutely clear that the payment of the foreign debt should be in accordance with the availability of foreign exchange in the country, and it should be in harmony with the resources that are assigned to a coherent and controlled importation account."

In the opinion of Vivas Teran, it is under these conditions that one could orchestrate the fidei-commissum that Minister Arturo Sosa is proposing.

"Within this framework, the fidei-commissum is a normal and legitimate instrument that the state has to insure payment to the final recipient, to see that dollars obtained at 4.3 are not used for speculative purposes in the market and in general to permit a better functioning of the exchange market."

Jose Vicente Rangel, presidential candidate of the Alliance for Popular Unity, considers that at this time the main thing is to determine with accuracy the actual amount of the clarified foreign private debt. This debt can be acknowledged, in his opinion.

"But it is unacceptable to have the petition before Recadi generate obligations for the Finance Ministry, because in this manner the state would be subsidizing the private sector in debts that are not sufficiently clear. It is not a matter of not acknowledging the debt; what it involves is that it has to be authentic, legitimate and without a shadow of a doubt, because complex problems are being dealt with. The fidei-commissum is dangerous and it is far from contributing to clarifying the exchange situation."

Pedro Conde, expert economist of AD [Democratic Action], reminds that AD put forth the idea of the fidei-commissum in the days following 18 February. This means that when a debtor makes a deposit in bolivars to the name of the creditor in the Central Bank, the debtor has cancelled his debt, for this debt is converted into an investment of capital of the creditor bank in Venezuela. This improves the situation of the balance of payments.

Conde comments that in this way the balance is cleared and what was a credit in default would be converted into an investment of capital.

"On the other hand, if the creditor wishes to make a loan to another client in Venezuela, he can make the loan in bolivars and in this way economic recovery is stimulated."

Conde states that initially he proposed that idea through a newspaper article, for the essential criterion is that foreign private debt legitimately contracted should be cancelled to protect the interests of development and supply. The basis of this measure is also to avoid changing the equilibrium of the enterprises. Conde even developed this idea during trips abroad, where he presented the idea to other economists.

In his opinion, the fidei-commissum would create confidence and would permit the conversion of deposits in bolivars into hard currency, to the extent that the country has available foreign exchange. Nevertheless, he considers that there should be a verification of the debt, although this does not prevent the measure from being carried out simultaneously. That is, one could proceed while its legitimacy is being verified.

"One would really have to verify what is the amount of the debt. On the other hand, the deposits in bolivars would receive interest that ought to be defined based on the rates in the international market."

Pempeyo Marquez, secretary general of the Movement Toward Socialism, feels that the panorama should be cleared up before orchestrating a measure such as the fidel-commissum. He states that in principle he is not in agreement with paying the private debt indiscriminately, "for one must carefully select the debt that can be justified."

In his opinion, one should examine certain external credits and only grant them the difference between their deposits and what they may be obliged to cancel, whenever it is justified.

"It is known that there were multinational companies that, versed in the control of foreign exchange, took out money and cancelled their obligations at 4.30 and are now asking for preferential dollars."

He reiterates that there can be no talk of refinancing until there is a decision in the controversy between the Central Bank of Venezuela and the Finance Ministry, a situation that he describes as "unusual" and disturbing for the negotiations.

He refers to charges put forth by the Central Bank that the exchange agreement is illegal, and he affirms that there are well-founded indications, according to which the finance minister "favors the economic groups that he represents." He also notes that one should take into consideration what Gonzalo Barrios said about manipulation and corruption in the handling of the foreign debt, and he reiterates that the Congress cannot withdraw from the process of renegotiation, above all because the next one that is installed in January will have to ratify the payment timetable.

He therefore insists that to speak of fidel-commissum one must clear up the entire current situation, and he refers specifically to the measure with a question that he leaves up in the air:

In setting up the trust in bolivars, are all of the enterprises being washed free of debt?

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DEBT RESCHEDULING TO BE PURSUED AFTER DECEMBER ELECTIONS

Caracas EL NACIONAL in Spanish 26 Aug 83 p D-7

[Article by Amado Fuguet V.]

[Text] After a lengthy meeting that was held yesterday morning in the main hall of CORDIPLAN [Office of Coordination and Planning], Arturo Sosa and Maritza Izaguirre took leave of Sterie Beza and the technical team of the mission of the IMF, who are taking a return flight to Washington this morning.

The meeting was the most important that the government has held to date with the IMF envoys, due to the fact that the timing of the signing of the agreement between Venezuela and the international organization on a program of economic adjustments has been determined with greater clarity and discussions will continue for the rest of the year.

Nevertheless, Sterie Beza, head of the IMF mission, observed that the agreement definitely cannot be achieved with this government, and therefore its final discussion was postponed until after the 4 December elections.

In this way, the agreement can only be firmed up between December and next January.

The opinion of the IMF envoys is based on two fundamental facts: in the first place, the Finance Ministry and CORDIPLAN consider that it is not necessary to resort to IMF resources this year, because the deficit in the balance of payments can be met using the reserves of the Investment Fund and the BCV [Central Bank of Venezuela].

In the second place, the IMF negotiators prefer to discuss the terms of the agreement when the election scene has been cleared up so that there will be a commitment by the new governmental authorities to carry out the agreed program.

Attending the exchange on behalf of the government were, besides Ministers Sosa and Izaguirre, officials of the Finance Ministry, CORDIPLAN and OCEPTRE, including Angel Buenano, Luis Zupelano, Aurelio Useche, Hernan Oyarzabal, Gustavo Galdo and Eduardo Arroyo. Beza, in turn was accompanied by technicians Henry Ghesquiere, Jose Fajgenbaum and Partho Shome.

The ministers of CORDIPAN and Finance were euphoric after the discussion and stated that the IMF accepted the calculations that the government projected for this year, especially in regard to the balance of payments. According to Sosa and Izaguirre, the mission understood that the adjustments that the executive branch has applied to date and the favorable outlook in the petroleum market for the end of the year will permit the maintenance of central bank reserves at an adequate level, since the deficit in the balance of payments will not be so serious.

The finance minister explained that during the meeting it was demonstrated to the IMF that the projections worked out months ago by the organization's mission itself along with the Committee of Advisory Banks and the BCV administration do not agree with the results that have been obtained to date and calculated for the end of the year.

Although Sosa was satisfied with the fact that the IMF accepted the government's optimistic estimates for this year, the minister admitted that conceptual differences remain between the international organization and the government on the economic policy that has developed.

Whereas the economic cabinet believes in controls on imports, prices and foreign exchange, the IMF mission is maintaining its monetarist position of freeing the restrictions in those areas.

In real terms, as there will be no agreement this year, the conceptual discussions will not have any repercussions until next year, when supposedly a concerted program of adjustments will be put into effect.

Despite the fact that Venezuela and the IMF will come to a definitive understanding after the elections, the negotiations will not stop, for yesterday the mission presented an outline with its recommendations for adoption beginning in 1984. In this regard, the government will make a thorough study of the IMF opinions, to hold a new meeting in Washington between the 27th and the 30th of September to take advantage of the holding of the annual meeting of the IMF and the World Bank.

According to the official view, there is a coming together between the IMF and the government on a progressive simplification of the foreign exchange plan, since new measures will not be applied this year but the next, inasmuch as the agreement was postponed.

Nevertheless, there are differences concerning the means of reducing aggregate domestic demand, for the IMF considers it desirable that a rise in the exchange rate can balance this indicator, whereas the national authorities feel that the reduction can be achieved by substituting national production for imports.

Likewise, the IMF believes that, in addition to the foregoing, the deficit registered in the consolidated budget of the public sector, specifically in the decentralized entities, should be covered by creating new taxes.

As the government sees it, one cannot make the incisive interpretation that IMF acceptance of the figures prepared by the economic cabinet means that the creditor banks that insist on the opinion of the IMF before agreeing to a refinancing will accede immediately. Maritza Izaguirre, in any case, considers that there is progress that the international banks will definitely take into account.

After the meeting, the ministers of finance and CORDIPLAN invited their collaborators to celebrate in the restaurant "El Parque," where they deliberated on the actual repercussions that the postponement of the agreement with the IMF until after December would have.

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CONGRESS APPROVES MODIFIED BCV REFORM LAW

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[Article by Alba Sanchez]

[Text] The special parliamentary commission, which analyzed the objections of the president of the republic to the reform of the BCV [Venezuelan Central Bank] Law, a reform that has been approved by congress, unanimously approved a substitute bill that contemplates a national foreign-exchange budget dedicated legally.

According to the new text, whose inclusion in the law of the institution of issue has not yet been determined: "In the last month of each fiscal year, the president of the republic, before the Council of Ministers, will approve a national foreign-exchange budget for the following fiscal year, the planning of which will be worked out by the BCV. Its main headings for expenditures and income will be made with the knowledge of the permanent finance commissions of the Senate and the Chamber of Deputies. To be included in that budget, without modification, are the estimates of expenditures of foreign exchange that have been approved by the stockholders' meeting of Venezuelan Petroleum for the respective fiscal year. The BCV will be obligated to provide Venezuelan Petroleum, as a matter of priority, with the foreign exchange that this organization may periodically request to meet its needs."

According to the parliamentary commission presided over by Representative Domingo Maza Zavala and including Gustavo Tarre, Valmore Acevedo, Angel Brito Villarroel, Freddy Munoz, Nelson Valera and Arturo Hernandez, under this wording the provision of foreign exchange to the petroleum industry for its external payments is definitely guaranteed. Also, the foreign-exchange budget is created, an instrument of incalculable value for orienting the country's economic and financial policy, especially under the current circumstances of relative instability in the monetary reserves.

As is known, based on the agreement signed last year which centralized foreign exchange in the BCV, the majority in congress represented by Democratic Action, Democratic Republican Union and the Movement Toward Socialism insisted on the need to approve a legal instrument that would guarantee dollars to the country's principal industry and that would prevent their provision from being dependent upon the discretion of some organization. In this sense, several

bills to reform the law of the institution of issue were presented, until finally that reform was approved according to which the petroleum industry would retain that part of its income in dollars necessary to meet its foreign payments. The president of the republic, making use of his constitutional rights, returned the reform to congress, requesting that it be repealed, arguing that, among other things, it was a violation of the principle of centralization of foreign exchange. Congress designated the previously mentioned commission to investigate the presidential arguments, and the commission discussed the possibility of considering a third alternative, distinct from those of ratifying the reform and returning it to the president or repealing what had already been approved by congress.

The basis of that alternative was the possibility of dedicating, by law, a foreign-exchange budget where the dollars of the petroleum industry would have priority. Through the COPEI parliamentary group, the government presented a bill that was then modified to accept proposals from the rest of the parliamentary groups, until an agreement was reached having the previously cited text. Also, as we indicated, it meets the fundamental objectives and even exceeds the reform that was proposed initially, guaranteeing by law the foreign exchange of the oil industry.

The parliamentarians also pointed out the achieving of a consensus and they declared themselves protagonists of an important experience of political understanding in a matter of national interest.

Maza Zavala and Freddy Munoz will be in charge of drafting the report that they will submit to the consideration of congress. The approved reform would be included either as the only paragraph of the second article of the existing BCV Law or in Article 41 of the same law.

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